A-PDF MERGER DEMO

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1. Introduction

Ten years ago, if someone had told me I'd be writing a book on astrology and numerology as it relates to the stock market, I'd have had quite a good laugh out of the idea, and then I'd probably have tried to get that person to seek professional help.

My focus then was on mechanical trading systems, artificial intelligence, and working on advanced algorithms to replicate classical technical indicators with lower lag and smoother outputs. It felt almost like an arms race in a way. If I could come up with a momentum curve that was smoother than the competition's, with a bar or two less lag, I'd be that much quicker into and out of the market. So much energy was spent trying to squeeze the last ounce of performance out of the supercharged technical indicators – trying for that last little edge… And with perseverance came success. I did develop momentum curves that were better than the ones everyone else used. I had better averages, better oscillators, neural networks that trained on the fly, and a host of other extremely complicated approaches that resulted in my technical tools giving me signals literally days in advance of the rest of the crowd.

But I came to a point when I realized that no matter how advanced my technical tools were, they were still just reacting to the market. They were based on the history of what had happened, and no matter how much I reduced the lag, I'd still always be slightly behind. Technical analysis can tell you when a turn is happening and what direction the market is currently moving, but it will never tell you ***why*** the market is doing any of

these things. In short, chart based technical analysis falls into the realm of monitoring tools.

Technical indicators monitor the "health" of the market in a way – how fast the market is moving, whether it's up or down, how it compares to what it was doing last year, and so on. Monitoring tools will tell you the market is currently crashing, but they will never tell you that a market is about to crash, or that a market will crash next year. This is the shortcoming of technical indicators in general – and why I call this kind of tool reactive.

And it was this line of thought that lead me down the road to the more esoteric techniques. I had some built-in superstitions about astrology that I had to get over, but as I dug deeper and deeper into the subject, these superstitions fell away quite rapidly. I discovered many techniques and relationships that I never thought were possible, and I rapidly accumulated a pile of research into this realm of analysis. This research was top secret for quite some time, and I even had a special "secret drawer" where all of it was stashed to keep it away from the potential prying eyes of visitors to the office.

As time passed and as I began to understand more and more, the contents of this secret drawer begin to take on a life of their own. I knew I had a box full of jewels for those on the same path, and recently thought to myself, "why not write a book about some of the tools from the secret drawer?" And so this book was born.

I do not claim that the tools we'll be discussing are the cause of markets, or anything of that nature. Only that these are

very interesting relationships that I've discovered that are worth looking into if you are a serious student of markets. Unlike conventional analysis, the tools in this book are not monitoring tools – they are predictive tools. You know ahead of time when a certain thing is supposed to happen, and how that thing should look. It's like having looked out the rear view mirror of your car your whole life, then suddenly turned around to see the road ahead of you. It's so much easier to deal with that speed bump if you see it coming, as opposed to being suddenly on top of it and scrambling to react to what you just hit.

These tools all share one thing in common, and that is they lead the market. So all of them will give you an idea of what to expect before it happens. This makes trading much easier, as you have time to prepare a plan. You can still use those high tech monitoring tools, but you will use them in the context of your forecast, which makes them much more powerful than they used to be when you were driving blind.

The way I've decided to set this book up is to just run through the tools one by one, giving each a chapter and enough examples to make things clear. There are many more tools here than you'll really be able to use at one time, but all of them work. You'll need to decide which particular ones fit best into your style of trading, and speak to you the loudest. Then merge those tools into your current toolbox.

Read about the techniques, learn them, then apply them yourself and test them on your favorite markets. Nothing teaches better than experience, so approach this book in a hands on way for the maximum benefit. It is one thing to see turning points marked on a chart that someone else drew – it is quite another to

watch the turn form before your very eyes on a current market that you are trading.

I've found that sharing techniques like these always leads me to learn more in the end than I would have if I had kept them secret. I've refined my tools so much by being in contact with other traders who are using them that I no longer have any desire for absolute secrecy as I once did. Even if these tools were published on the front page of the Wall Street Journal, I still doubt I'd have any more slippage on my trades than I do now. You have to reach a certain point in your development as a trader and a person to be able to use tools like these, and there's no way these kinds of techniques will ever find their way to the mainstream. When Gann was asked what the basis of his forecasting method was, he declined comment, saying only that the world was not ready to handle it. Most people just aren't ready to look at markets in this way, and probably never will be. So I have no fear in sharing this knowledge with those walking along the same market path as I am.

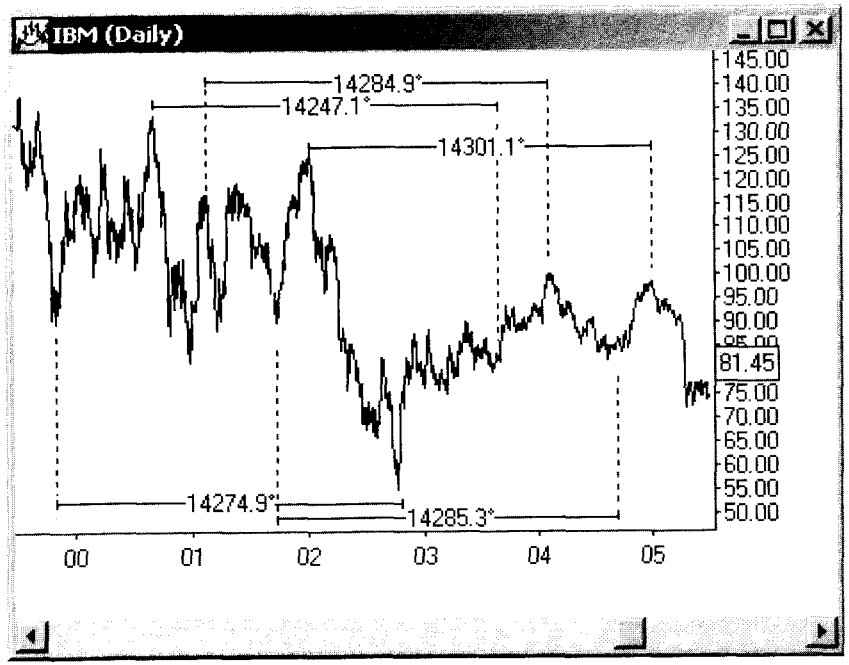
And with that much of an introduction, it's time to jump into this material. Forget about your moving averages and Stochastics indicators. We're going somewhere totally different…

2. Bar Counts and Magic Numbers

Every physical object has a frequency at which it absorbs energy. For example, when a singer hits a note with enough force at the resonant frequency of a wine glass, the glass will shatter. The Tacoma Narrows Bridge in Washington collapsed in 1940 as the wind created vibrations that matched the resonant frequency of the bridge. What happens is that as the glass or bridge is exposed to energy, it absorbs it, and eventually there is an overload where no more energy can be absorbed. That's when physical destruction occurs.

Markets also have resonant frequencies. Each market vibrates to it's own particular rate, based on internal resonance natural to that particular market. Every important high and low in the market vibrates forward through time. Once you discover what the resonant frequency is, you can use it to forecast potential areas for trend changes by measuring out from the market's own energy centers – the previous highs and lows. Just like the bridge that collapsed, a trend will also collapse if it runs out to a location with enough resonance to past highs and lows.

Let's take a look at an example chart to better explain this:



This is a daily chart of IBM, going back 6 years. All I've done is taken important highs and lows in the past, then measured out a certain number of degrees of movement of the Moon to a future point on the chart, where we can expect another turning point due to resonance.

You can see that some projected turning points are small, and some are large. There are quite a few that I wasn't able to put on this chart to keep things clean, but they all had an effect on the future, albeit sometimes a minor one.

The number of degrees of movement that we're tracking

is 14285.7 degrees of motion of the Moon. This is one of the magic numbers in markets, and the digits can be found by dividing 1 by 7:

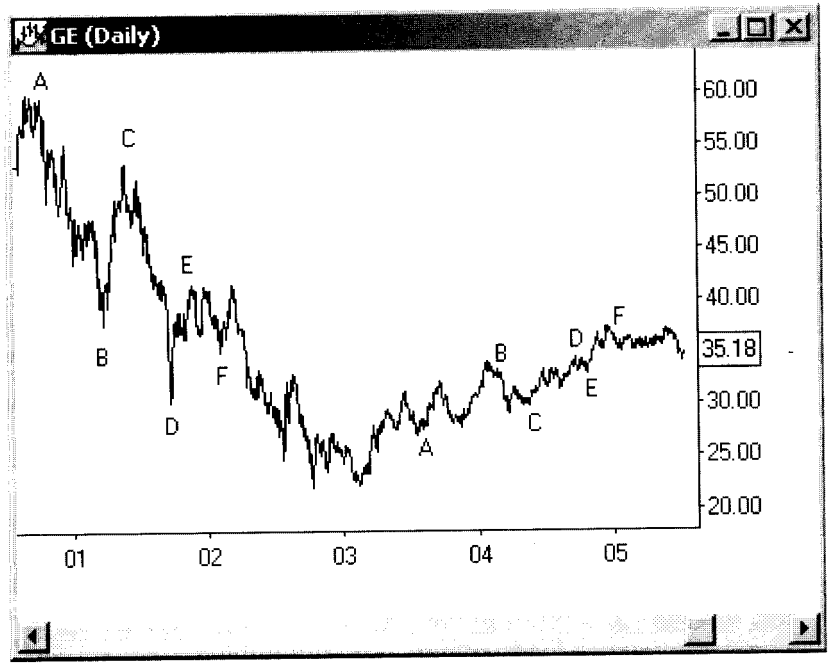
1 / 7 = 0.142857142857...

Note that this is one seventh, and that the numbers are based on 7. So 14 is 7x2, 28 is 7x4, and 57 is 7x8 plus one left over. Stack them together and repeat: 14 28 57 14 28 57, etc. 7 appears more than any number in the Bible, and has been linked by the kabalists to the Moon.

I suggest students of numerology take a look at what Olney H. Richmond has to say about 142857 in *The Mystic Test Book*. Richmond was initiated into a secret society known as the Order of the Magi, and he was famous for divinations performed using an ordinary deck of playing cards. Incidentally, WD Gann was also a member of this society, and undoubtedly came into close contact with the methods practiced by Richmond.

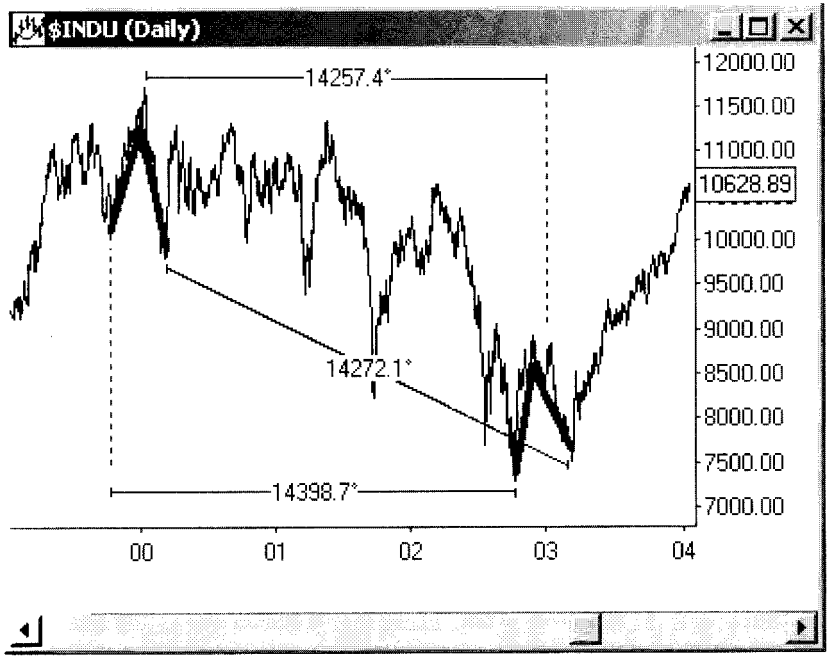
Most stocks and futures resonate to Lunar cycles, so any numbers linked to the Moon are natural candidates to look for when doing this kind of analysis. Simply find an important high or low, then count off how much time passes from that point, measured in degrees of movement of the Moon. When you get to 142857, you can expect some kind of reaction. Floating decimals is fair, so 14285.7 like we've done in the chart is legal, as is 1428.57. Having said that, keep in mind that 1428.57 is much weaker than 14285.7, as it's a much smaller harmonic and will result in very minor turns.

Let's look at GE:



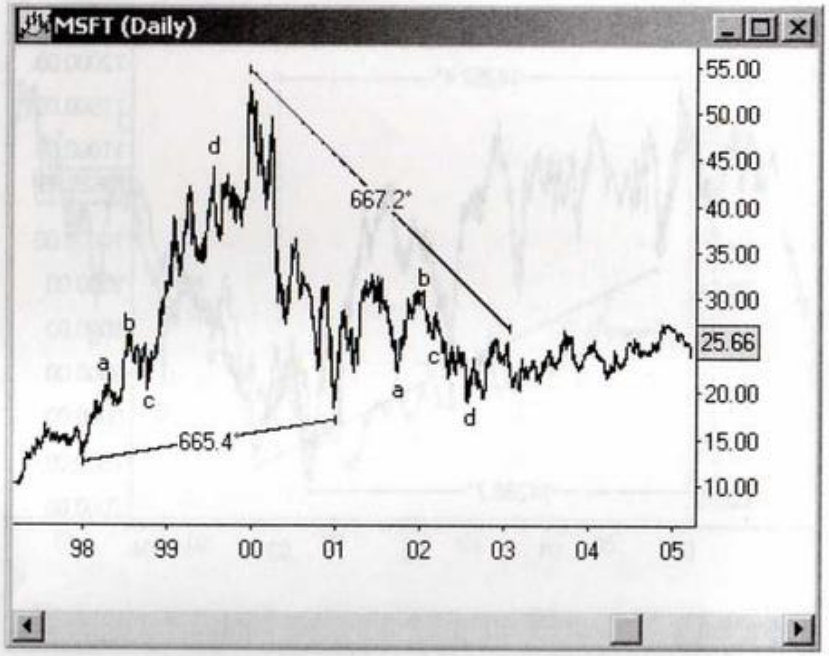
In this chart, I've marked the matching swings with letters from the alphabet. So the initial high at A in 2000 runs out 14285.7 degrees to match out bottom at A in 2003. Note that on this chart, initial highs match up with future lows, and initial lows match up with future highs. We also see some instances of the resonant high being much smaller in strength than the initial. Take a look at points D and E for an example of this.

Note that this is a very long term technique, and is more suited to weekly or monthly charts than dailies. You cannot use it to pinpoint the exact day of a turn, but a window of time when to expect one.

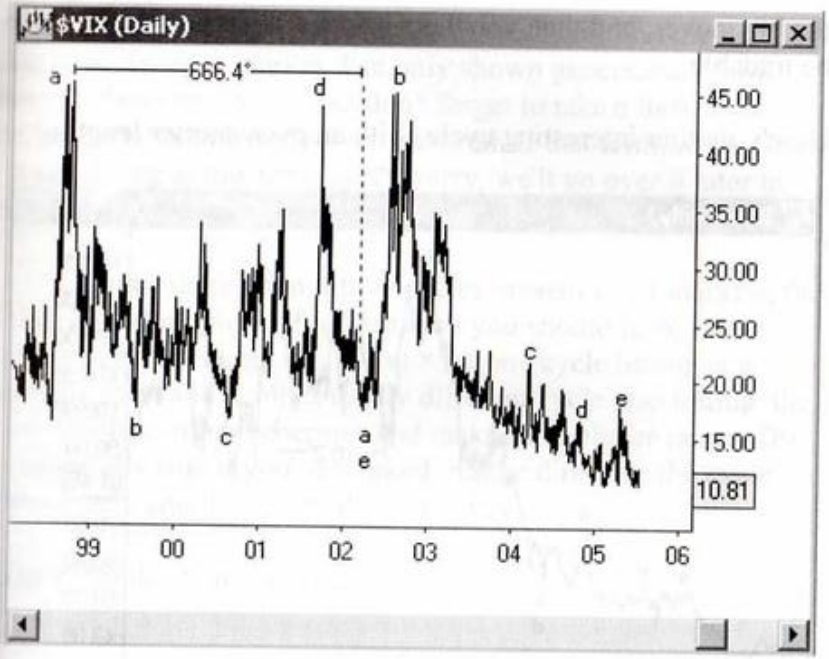


This chart shows a 142857 repeat of a pattern in the Dow. The first low in the original cycle corresponds with a low in the resonant cycle. Then we move to our expected high, and back to our low. After the third low, the major trend move up that developed washed out year 2000's cycles. Resonant cycles were still present, but they were tiny. There's more than one cycle present in markets, so you have to keep on your toes and watch for even larger term cycles that can wash you out like we saw in 2003.

Here's another cycle that shows up in many markets:

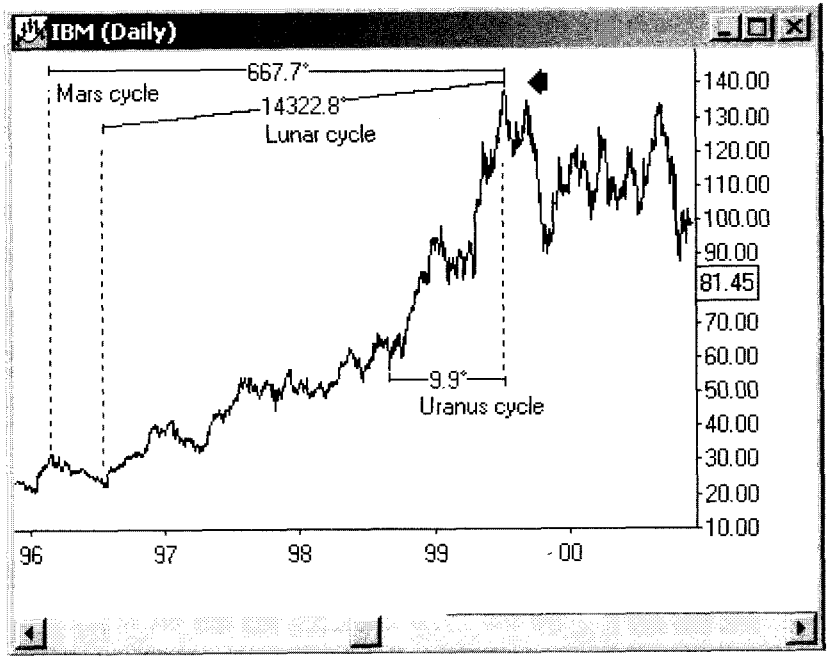


I call this one the "Mark of the Beast Cycle". It is 666 degrees movement of Mars from any important high or low. You can see it working on the MSFT chart above. Take a look at the letters, which correspond to resonant cycle highs and lows. In this chart, lows generate lows and highs generate highs, although sometimes the resonant turns can be minor, as in the case of set "c".



The 666 cycle is present in the VIX as well. Highs give lows and lows give highs, except for the oddball case at "d" where a high gave a high. Don't try and use this technique on anything except major highs and lows. They are the only ones with enough energy to carry the cycle through to completion.

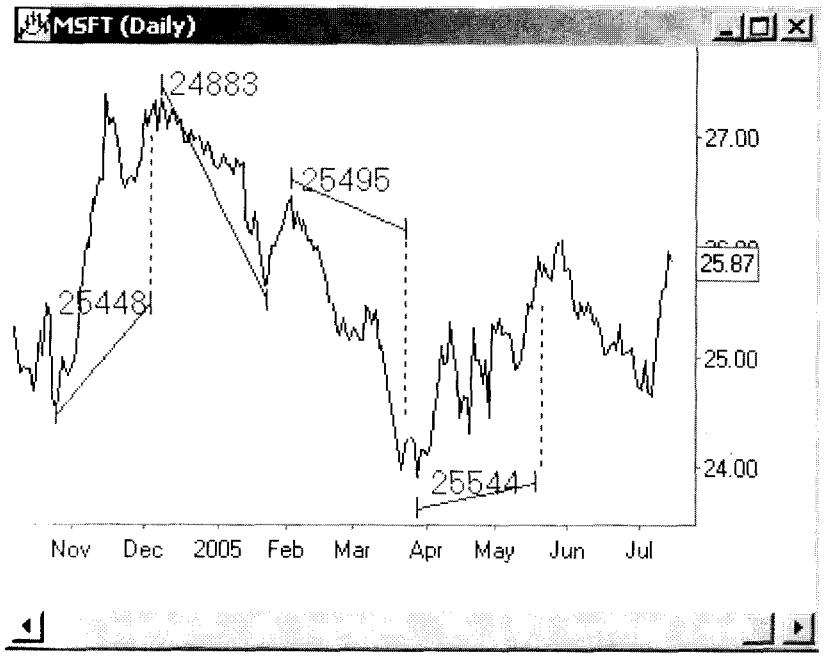
Even if you get a singer singing at just the right note, the glass still won't crack unless she can put enough power into the note to completely overload the glass with energy. The same thing happens in markets. If you run the cycles out from weak highs and lows, you will still get resonance in the future, but it might be so minor as not to even show up on a daily chart. You really don't want to mess with those cycles. Pay attention to only



In this chart, we've got a group of all three of our cycles lining up to mark the major high in IBM. We have a 666 degree Mars cycle, a 14285.7 degree Lunar cycle, and a 10 degree Uranus cycle all lining up within a few bars of each other. You can see how the energy adds in this situation to create a big move. This is what it looks like when the energy transferred from previous highs and lows surpasses the threshold of the market. The fat lady definitely broke the glass on this one!

3. Volume Cycles

In the last chapter, we looked at resonant cycles based on planetary movement. There is another class of resonant cycles that we can track that look very similar to what we just studied, except instead of planetary cycles, they are based on volume.



In the chart above, all we are doing is starting at an important high or low, then counting forward 25,000 units of volume. When we reach that number, we expect a trend change. So if we're going up, we should then turn around and go back down, and vice versa.

Note that I said we're counting 25,000 units of volume, not shares. In the case of MSFT, one unit is worth 100,000 shares. So the distance from the low in November 2004 to the high in December is actually 25,000,000,000 shares.

So what we're really doing is measuring time in shares traded, rather than calendar days. In other words, if we created a chart with each bar being equal to 100,000,000 shares of trades, we'd be looking at a 25 bar cycle.

This chart shows us working the count forward from a common bottom. So we begin counting in March of 2004, and the 25,000 unit counts are shown on the chart as they came in.

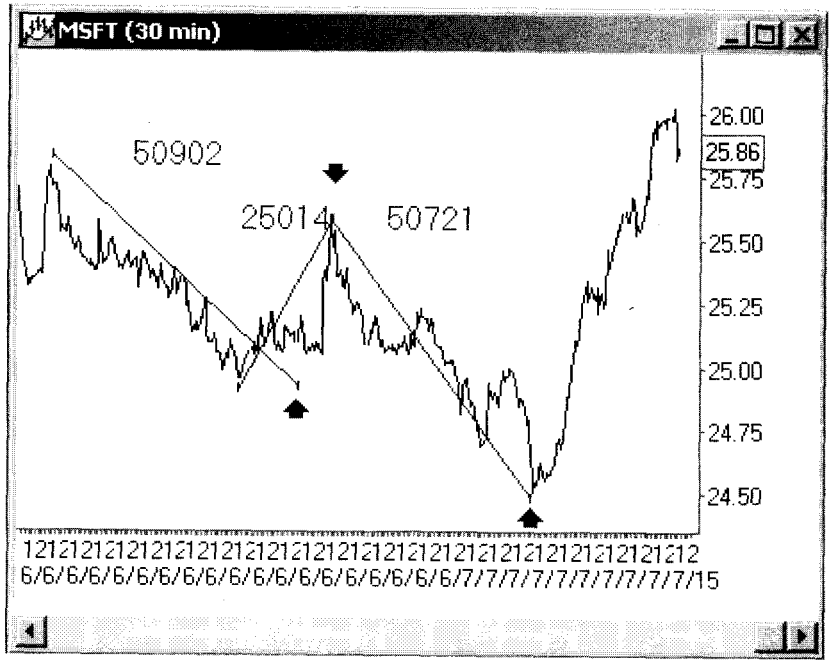
Note how well these counts worked to mark swings points on the way up into 2005. There was a false break over the 50k high level, but it only lasted two days. Everything else was very orderly.

This is another chart from 2004. You can see how all the major turning points for the year were connected by multiples of 25,000 units of volume.

What we are seeing here is that the market is resonating to a particular number of shares. I don't know why 25,000 works on MSFT, only that it does. It may have something to due with the outstanding number of shares available for trading, but I

haven't pinned down the formula for that. If you look at other stocks, you may need a different number, so keep that in mind when checking this technique out on stocks other than MSFT.

If you go down to the intraday level, the size of your counting unit will have to be decreased. So instead of looking at units of 100,000 shares, you'll need to look at something smaller. Here's a 30 minute chart working on units of 10,000 shares:

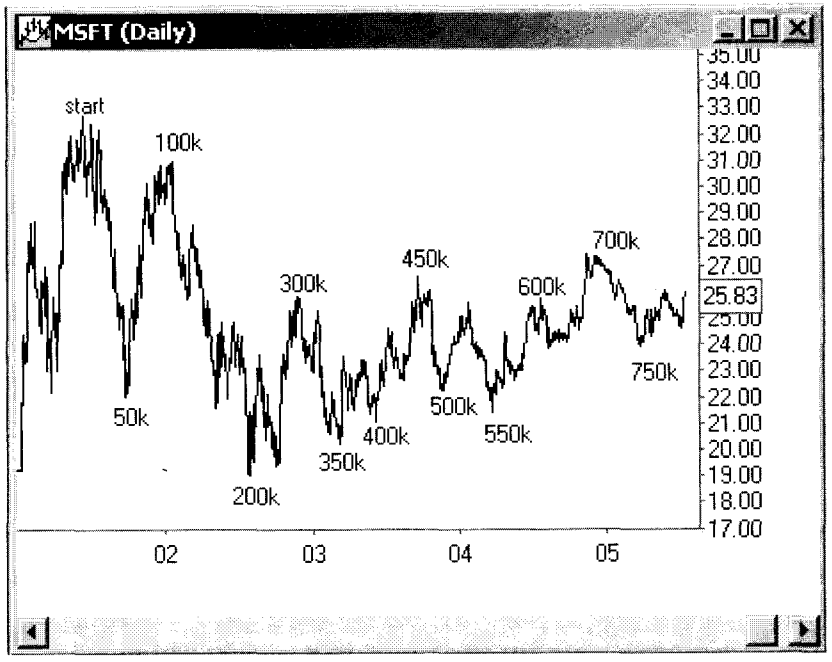


You can see that it all works the same way. 50k units down from the high to the low at the middle of the chart, then up

25k to our intermediate high before dropping 50k units more into the major low at the far right side. At that point MSFT took off and is now 75% the way to the next 50k mark, where I expect to see the upward trend lose a lot of steam. Markets are fractal in nature, so what works on a longer term chart will also work on a shorter term chart. You just may need to adjust the numbers by moving decimal places to make it all fit.

One interesting theory as to why this works has to due with the idea of big players and market manipulation. Let's say there were a few big players trading MSFT. Once all of them have bought, there really aren't any more buyers available, aside from the little guys who are too uncoordinated to make a difference in trend direction. So after the market goes up, there's nothing left for those players to do except sell, so then they all sell and cause a downward trend. After they've sold as much as they're willing to sell, and waited as long as they're willing to wait to accumulate profits, they now turn around and buy it back, going the opposite direction. It's like a yo-yo, going up and down, and one cycle of it takes around 25 billion shares to complete. There's only a fixed supply of stock that can be moved around at a given time, so it actually makes quite a bit of sense that these kinds of cycles would show up in the charts.

Here's a look at a longer term view of volume cycles:



In this chart, we began our count at an important high in 2001. You can see that all other highs and lows of any significance since then measured out in units of 50k. Do you see how well volume cycles describe what has happened in MSFT over the last 5 years?

There is one thing to be aware of when you begin looking at these volume cycles and that is times when a stock splits. If a stock splits 2:1, all of a sudden there will be twice as many shares available as there were before, and the numbers in the count will necessarily change. So be careful when your stock splits and make sure everything is still working as expected as you figure your counts.

This particular technique was one of my most closely guarded tools from the secret drawer. I've taken option trades using nothing more than what has been discussed in the last two chapters, so it's very powerful information if you know how to use it properly. It's simple enough that I can't believe there aren't others out there also tracking it, but I'm not really surprised that no one has come forward and shared before now.

The hardest part to all this is just keep your counts up to date. You can do it on paper if you have to, but computers are really the way to go for this kind of tedious work. Check out the appendix for source code that will allow you to make an automatic volume counting tool on your charting software.

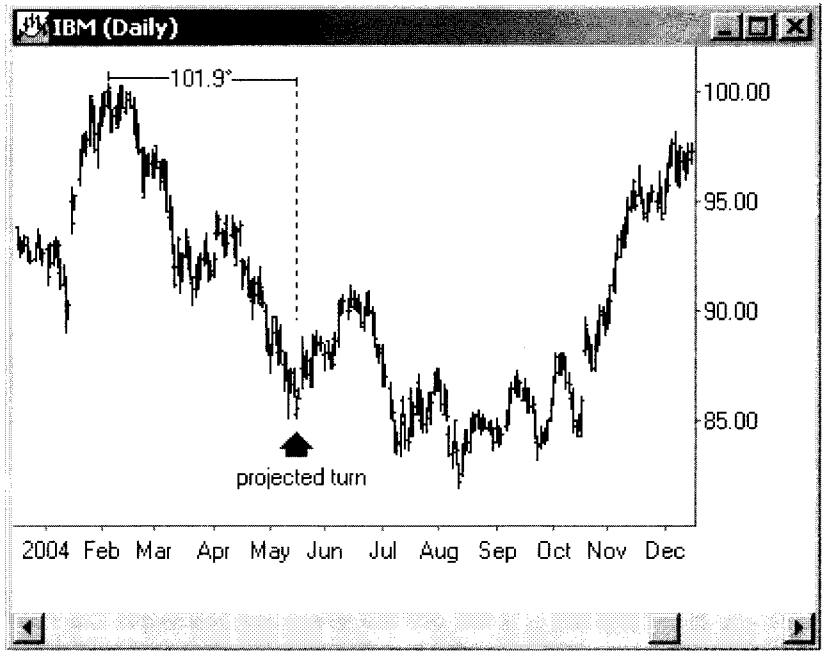
4. Price to Time

We've looked at the concept of resonance in terms of planetary vibration and volume counts so far. There's a third way to measure this that I'd also like to discuss, and it's one of the most fundamental of all.

We've been starting our counts and cycles at important highs and lows in the market, under the realization that these features represent special energy points in the market. The highest high or lowest low of a major swing has the energy necessary to carry our cycles forward to influence the future, much more than any other point in the trend move. That's why we always base our counts on those points.

But not only does the time of the high or low contain energy, the actual price at which it occurs is also a very important source of energy. I recently wrote an article about something similar for Traders World magazine, and used IBM as an example:

In early 2004, IBM made a significant high at 100.43. This high point is where the market shifted from moving up to moving down, and constitutes an energy point that we can work off of to find resonant cycles. So to begin, let's take our high and count forward:



So what I did was move forward 100.4 degrees from our high, and this marks the low in May. The count is made using degrees of movement of the Sun, the true timekeeper. The chart shows 101.9 degrees, because 100.4 actually hit on the weekend which doesn't have a bar on our chart.

We can use our high price to get more targets than just this one by multiplying out by some ratios found in sacred geometry. So:

100.4 x 0.382 = 38.3
100.4 x 0.618 = 62.06
100.4 x 1.27 = 127.54
100.4 x 1.618 = 162.49

100.4 x 1.73 = 173.89
100.4 x 2.23 = 224.5

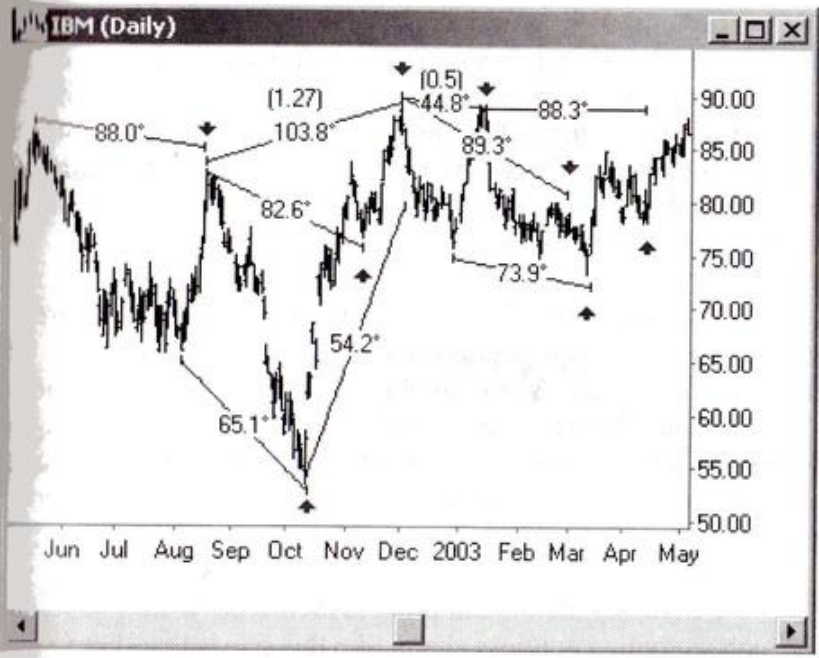
If you've been studying markets for any length of time, you should be pretty familiar with these ratios. If not, don't worry, there's a Fibonacci primer coming up in a later chapter.

The ratios I used were:

- 1.618, the golden ratio and base Fibonacci multiplier.
- 0.618, the reciprocal of 1.618 (one divided by 1.618)
- 0.382, which is 0.618 x 0.618
- 1.27, which is the square root of 1.618
- 1.73, which is the square root of 3
- 2.23, which is the square root of 5

So we take our high price, multiply by all these ratios, then count forward from the high in degrees of movement of the Sun. Here's what the chart looks like:

You can see how well these ratios worked to mark off important turning points on the way down from the high. The high can be considered to be the starting point for this down move, so everything that follows in the trend down into August can be related back to the high, as it was the origin or birth of this trend.



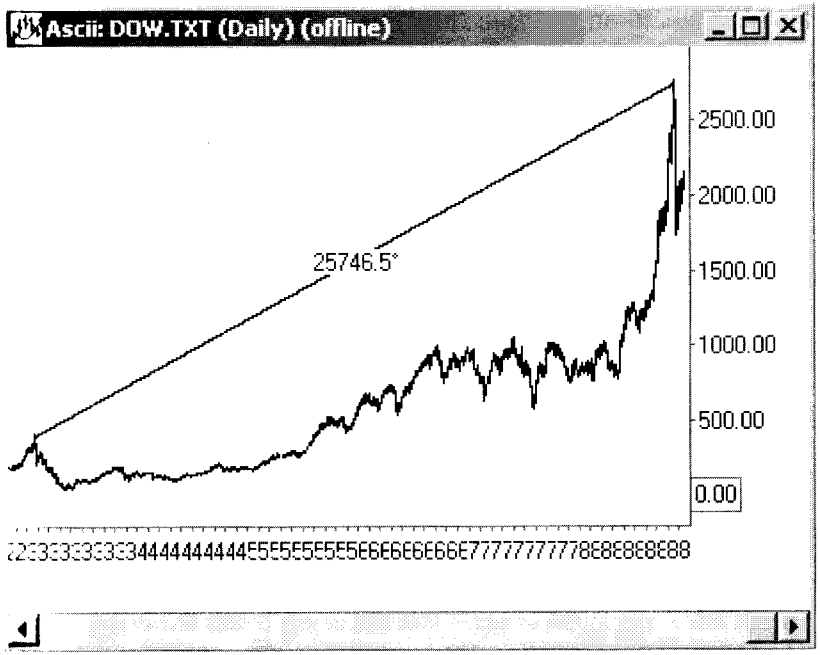
Here's a chart going back a little farther in time from the last one. You can see that all important highs and lows relate to each other by converting the extreme price into degrees of the Sun. All measurements are the actual price of the high or low except for two, which are marked on the chart accordingly.

Note how the high in December (the highest point on the chart) was marked by two separate counts, the 54 degree count from the low in Oct, as well as 1.27 x the high in August. Just as we saw in the first chapter on counting planetary degrees, the more counts you have lining up together, the stronger the resonance becomes and the more accurate your projections will be.

Let's think for a minute about what we're doing here. What we've done is taken a price level, and used it to project time targets. This is an important concept to realize, and will have implications for us later on with some of the other tools we'll be looking at. What it means is that there is a very intimate connection between time and price that is generally overlooked by most traders.

The assumption is that the time axis and price axis are two separate and totally independent things. Each one counts off in it's own units, and is unrelated in all ways to the other. One analogy would be likening price to a measurement of length, while time would be a measurement of weight. Just as you can't convert miles to pounds, traders assume that you can't convert price to time.

Obviously, that assumption is incorrect. What I've found through studying countless charts like this one is that there really isn't a difference between price and time. Markets are ***energy***, and this energy moving forward gets tracked in both price and time simultaneously. So at the core level, price and time really aren't separate. Rather than miles and pounds, it's more like measuring in miles and kilometers. Once you know how, you can convert from one to the other and back again. It's an amazing phenomenon, with major implications regarding the connection between the past and the future. It means that because the market stopped at a given price today, it must also stop at a given time in the future related to this price, regardless of how far off that time might be.



Here's a 60 year chart of the Dow Jones Industrial Index. That little bump at the beginning was the top before the crash of 1929. The top at the far right side of the chart is the top of the crash of 1987. Remember our "Mark of the Beast" cycle from chapter 1? The high price on September 3, 1929 was 386.1. 386.1 x 66.6 = 25714.2. Count that many degrees of Mercury travel from that high, and you get the high in 1987 before the 1987 crash. The error was only 32 degrees, less than a month. Not bad, given that this particular cycle had been building for almost 60 years!

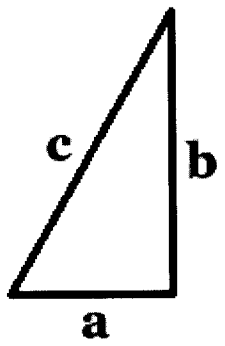
There's actually more going on here than just that. The degrees traveled by Mercury measured heliocentrically (Sun-centered view of the solar system) between these two points is

5. Price/Time

In the last chapter, we converted from price to time in order to locate future turning points in the market. This was possible due to the fact that price and time are not separate variables, but are related to each other. Once we realize this, it becomes obvious that there should be other ways to measure market movement rather than just pure price or pure time.

One way to do this is to combine price and time into a single measurement by using a third unit that represents a combination of the two. This is done using a mix of the market's own natural vibratory rate and the Pythagorean Theorem, which we all learned in high school.

To review, the Pythagorean Theorem is a way to calculate the hypotenuse (long side) of a right triangle when the two other sides are known. So let's take the following triangle:



If we know what length side "a" is, and what length side "b" is, then we can calculate side "c" by using the Pythagorean Theorem, which states:

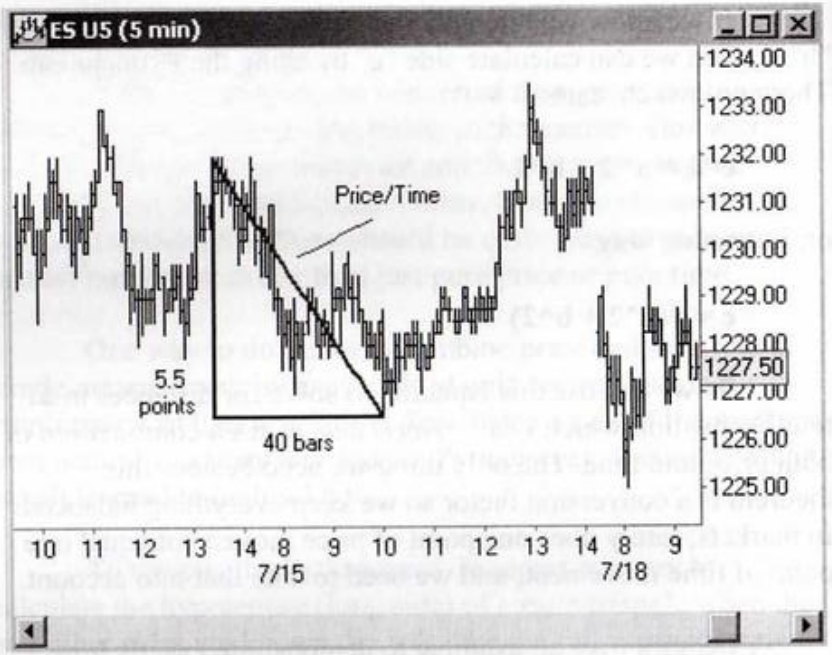
$$c^2 = a^2 + b^2$$

or, in another way

$$c = \sqrt{(a^2 + b^2)}$$

So we can use this equation to solve for distances in a totally new unit which I call *Price/Time*, as it's a combination of both price and time. The only thing we need besides this theorem is a conversion factor so we keep everything balanced. In markets, rarely does one point of price movement equal one point of time movement, and we need to take that into account.

Let's go over an example to demonstrate exactly how we'd measure Price/Time distances on a chart.



In the chart above, we have a particular swing from a high to a low point. This is shown with a triangle, the long side of which represents our swing. This swing moved 5.5 points down from the high to the low in 40 bars of time.

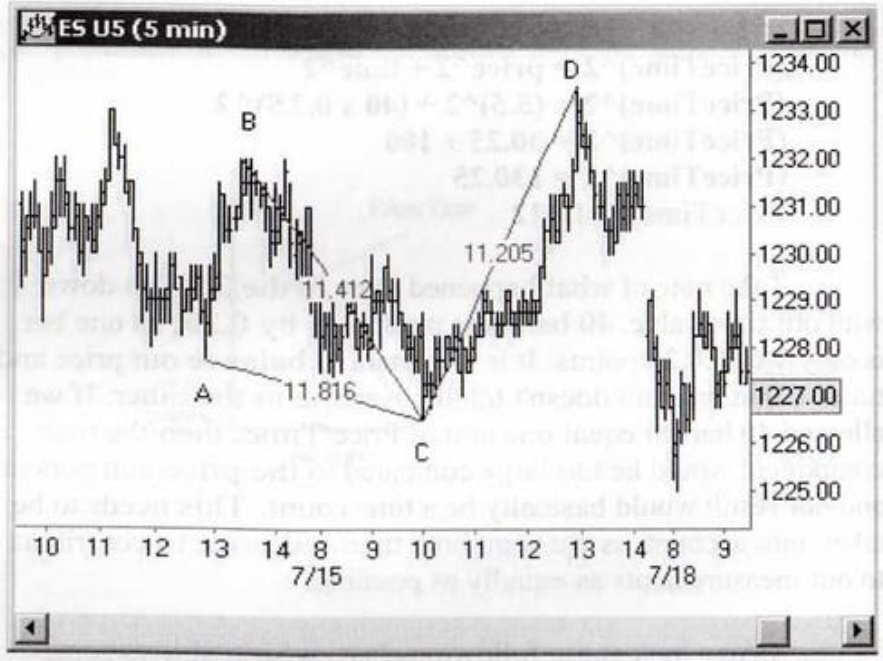
So we know how far the move went in price, and also how far it went in time. What we want to find out is exactly how far this move traveled in Price/Time. From previous experience, I know that one point of movement on this market is worth 4 bars of time, so each bar is actually worth one tick (0.25) of price movement.

So using the Pythagorean Theorem, we have:

c^2 = a^2 + b^2
(PriceTime)^2 = price^2 + time^2
(PriceTime)^2 = (5.5)^2 + (40 x 0.25)^2
(PriceTime)^2 = 30.25 + 100
(PriceTime)^2 = 130.25
PriceTime = 11.412

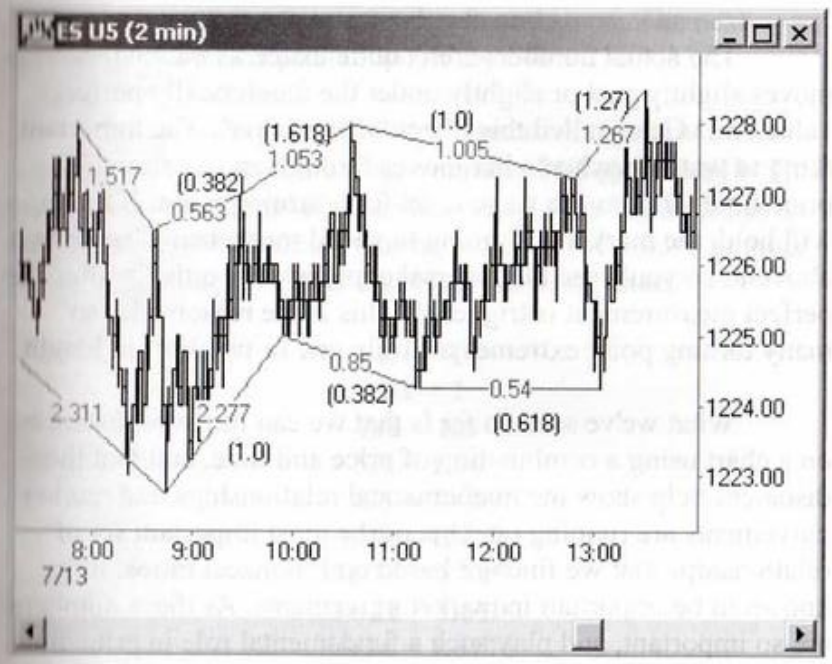
Take note of what happened there in the 3rd step down with our time value. 40 bars was multiplied by 0.25, as one bar is only worth 0.25 points. It is important to balance out price and time so that one unit doesn't totally overwhelm the other. If we allowed 40 bars to equal one unit of Price/Time, then the time component would be too large compared to the price component and our result would basically be a time count. This needs to be taken into account, as we want both time and price to contribute to our measurements as equally as possible.

Take a look at the following chart, which shows some Price/Time measurements found using this procedure:



In the example, we calculated the value for line BC, which you can see plotted on the chart. Note that lines AC and CD are actually very close to the same length. You would never realize this just by looking at the chart with the naked eye, but the calculations reveal a different story. So, in terms of Price/Time, the move down from B to C was exactly equal to the rally back up to D.

This means that our rally and decline were not separate moves, but were actually connected in a very objective, mathematical way. We can find all kinds of interesting relationships between price swings when we start looking at them in terms of their price/time values.



The chart above is a 2 minute chart, and you can see price/time measurements from high to high, and from low to low. Each high-high value is related mathematically to the previous high-high value, and each low-low value is related to the previous low-low measurement. So if you take a look at the high values, we start off with 1.517. The next value in line is 0.563, which is 38.2% of 1.517. 38.2% is the square of the important 0.618 Fibonacci number. Our next high-high value is 1.053. This is 1.618 times as large as the previous 0.563, the golden ratio itself. Next is 1.005, which is equal in length to the previous measurement. Finally, we have 1.267, which is 1.27 times the previous length. 1.27 is the square root of the golden ratio 1.618.

The actual numbers aren't quite exact, as the market moves slightly past or slightly under the theoretically perfect value. WD Gann called this effect "lost motion". The important thing to watch is when a bar moves through an important price/time ratio, as the stage is set for a turning point. If the ratio will hold, the market isn't going to spend more than a bar or two above it, so you'll see the reversal come in very quickly after the perfect measurement is triggered. This is the reason why so many turning point extremes are only one or two bars in length.

What we've seen so far is that we can measure distances on a chart using a combination of price and time, and that these distances help show the mathematical relationships that market movements are running on. One of the most important set of relationships that we find are based on Fibonacci ratios, long known to be important in market movements. As these numbers are so important, and play such a fundamental role in price/time relationships, I think it would be a good idea to take a quick review before we look at any more example charts. So let's take a page or two and jump into:

~ The Fibonacci Primer ~

The Fibonacci Sequence is a number series first discussed by Leonardo Pisano (aka Fibonacci) in his *Liber Abaci* (pub. 1202) which is as follows:

1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, ...

To obtain the next number in the sequence, you simply add the last two. So in the series above, we start out with 1 + 1 =

2, then 1 + 2 = 3, 2 + 3 = 5, 3 + 5 = 8, and so on. The next number after what is printed would be 144 + 233 = 377.

When we divide any two consecutive numbers in this sequence, we arrive at the magic number PHI (ϕ) or 1.618. This number is an irrational number like π (3.14159...), so it has an infinite number of decimal places, but each successive number in our sequence gets closer and closer to being exact:

1/1 = 1
2/1 = 2
3/2 = 1.5
5/3 = 1.66
8/5 = 1.60
13/8 = 1.625
21/13 = 1.615
34/21 = 1.619
55/34 = 1.6176
89/55 = 1.6181
etc..

The ancient Greeks knew about this number, and felt the ratio ϕ:1 was the most aesthetically perfect proportion. They tried to work this ratio into their art and architecture in as many ways as possible, and because of this, ϕ:1 soon became known as the *Golden Ratio*.

More important than the Greeks is that these numbers show up everywhere in the natural world. For example, if you take the seed pattern in a sunflower, you will find that it consists of two spirals moving in opposite directions. More specifically 21 spirals going one way, and 34 going the other. These are

consecutive numbers in our number sequence as given above. A pine cone has spirals of 5 and 8 petals, also numbers from our sequence. A pineapple has 8 and 13. Flower petals, branching plants, shells, seeds, leaves, and countless other items all grow according to these numbers.

This number also appears many times in the human body. If you take a look at your own hands, you will see:

2 hands, each of which has…
5 fingers, each of which has…
3 sections, divided by…
2 knuckles

Not only that, the ratio of the longest bone in a finger to the next smaller bone in the finger is approximately 1.618. So even our hands are based on this growth ratio.

So in a nutshell, Fibonacci numbers are very important in natural growth, and there are countless examples we could use that illustrate this fact. As this is a book about trading, we'll just stick to market examples from this point out, but it's important to remember that we're dealing with natural law here, and not just a made up concept that seems to fit our charts well.

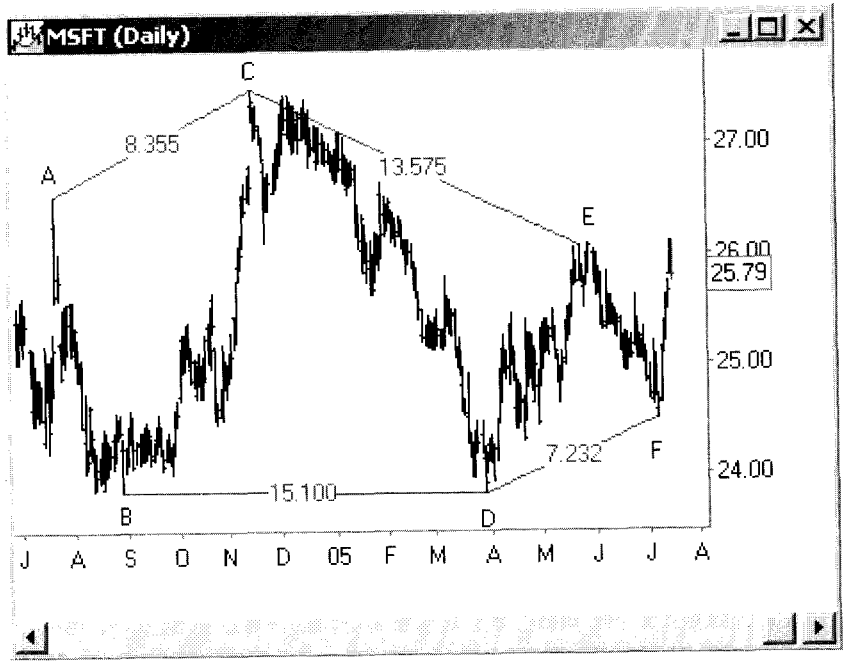
When looking at ratios to use when analyzing price/time distances, I use the following basic multipliers which cover most cases:

1.618, the Golden Ratio
0.618, the inverse of the Golden Ratio (1/1.618)
0.786, the square root of 0.618

1.27, the square root of 1.618
0.382, the square of 0.618 (0.618 x 0.618)
2.618, the square of 1.618 (1.618 x 1.618)
1.0, it's not Fibonacci, but is still important
0.5, the half way point, also very important

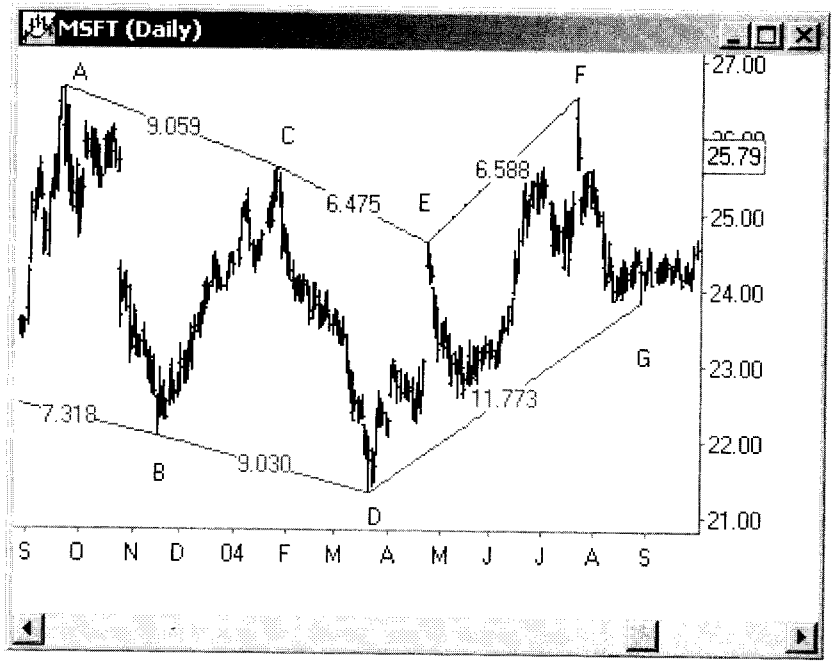
There are other ratios that you'll see from time to time, but this is the primary list that you ought to pay attention to. You shouldn't really need much more than this in your analysis.

Now that we're all on the same page as far as Fibonacci and Price/Time, let's take a look at some more examples:



This is a daily chart of MSFT, and price/time measurements have again been taken high-high and low-low. In this case, each bar is worth 0.1 points in our formula.

Our first measurement is from A-C, which comes in at 8.355. The next high-high is C-E, which is 13.575, our 1.618 expansion multiplier. If you look at the lows, B-D is 15.1 units, and D-F is 7.232, or 50%. 50% is not Fibonacci, but is also important. 50%, 100%, 200%, etc, all need to be watched in addition to the Fibonacci ratios.



Here's a MSFT chart from a the year before the previous one. Let's do the same thing:

C-E = 0.618 x A-C. The gap triggered our 0.618 target, and the next bar past the gap up was the high bar before the decline.

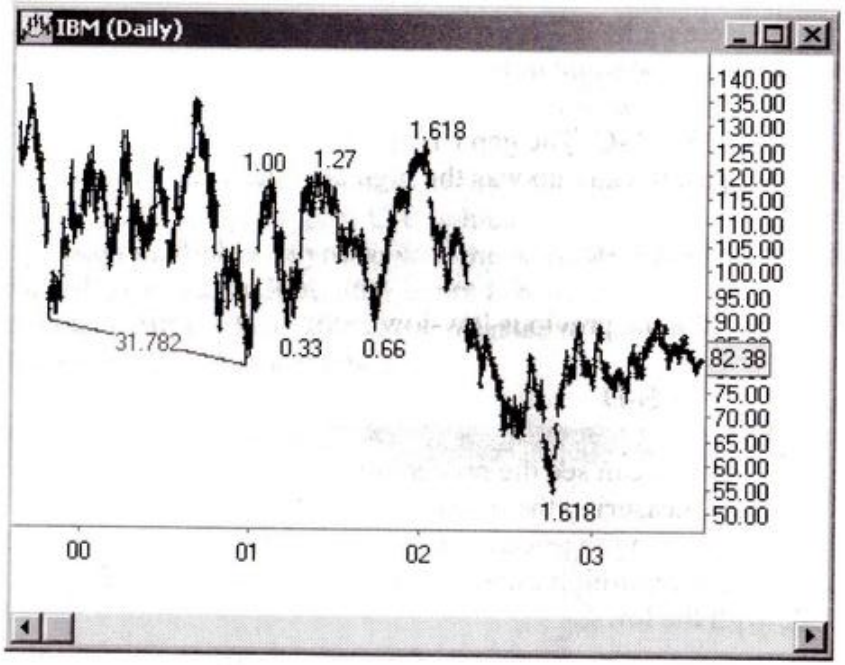
E-F = 100% of C-E

B-D = 1.27 x the previous low-low

D-G = 1.27 x B-D

So you can see the procedure we're using is very simple. We're just measuring the distances between highs and other highs, converting to price/time, then multiplying by our ratios to get the next high-high measurement. The same thing is then done with the lows.

What you have to do is monitor the price/time distances and recognize when one of them has just been crossed. The bars will never be exactly on a specific ratio, but will run past it a bit, then come back down to the ratio on the way to forming a reversal.



In this chart, you can see the various price/time relationships that spin out from our original low-low calculation shown. Each subsequent high and low on the chart comes in at a significant ratio of the 31.782 units. Note the 33% and 66% lows in 2001. If you watch enough of these measurements, you'll see all kinds of important ratios from Sacred Geometry. Remember, Fibonacci numbers are by far the most common, but not the only ones the market runs on. Unfortunately, that would be too easy!

This particular technique of measuring price/time units, then multiplying out by ratios works very well, but the downside is that you can oftentimes find yourself with too many ratios to

work with. That means that this works best when used in conjunction with some of the other tools found in this book.

What I've done in the past is relied on other tools, such as the volume counts or some of the astro tools mentioned later to locate a potential reversal zone, then gone back and checked to see if any important ratios of price/time were being counted out in that area. If you see the ratios hitting in your zone, the potential for a successful trade goes way up.

6. Scaling

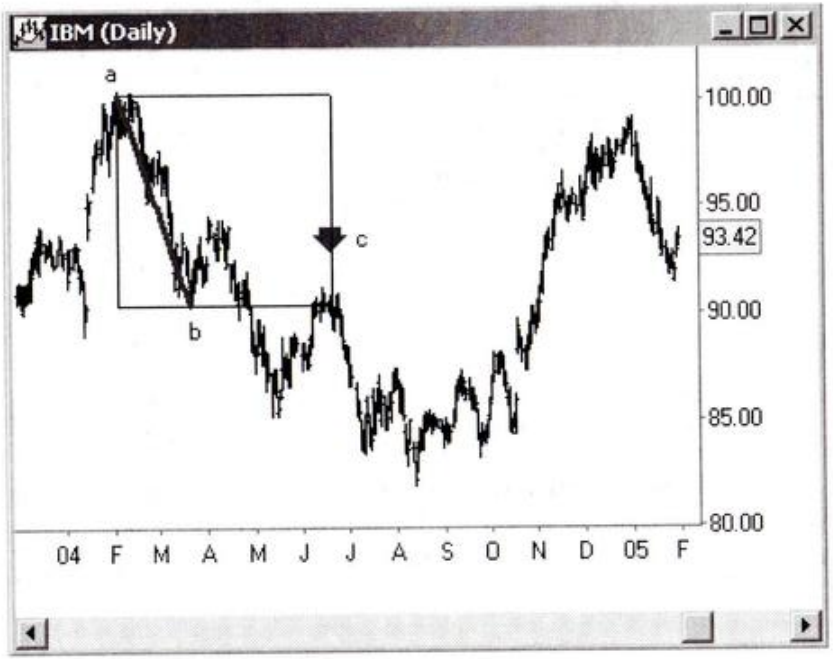
In the last chapter, we discussed a method for converting price and time to price/time, a new unit that takes both axes into account. This conversion gives weight to both the price units and time units that we use in the formula, with each being of equal importance to the end result.

In the MSFT example in the last chapter, we saw that one time unit was worth 0.1 price units in the formula. This is the core exchange rate between price and time that made everything work. If we are setting up a chart, and know that 0.1 points of price is worth one bar of time, then it doesn't take long to realize that we can incorporate this relationship directly into our chart by setting it up in such a way that 1 bar of time and 0.1 points of price cover the same physical distance on our paper. So if 0.1 points really is equal to one bar, then in a perfect world they should both cover the exact same amount of distance on the chart when measured in inches.

This idea is the basis of square scaling, which allows us to create charts that visually demonstrate the price/time relationships inherent in the market. It requires setting up the price and time axes in such a way that the basic price/time exchange rate shows up as a 45 degree angle on the charts themselves. So if we have a chart with 300 data points, and each bar is worth 0.1 points, then our price axis should be 30 points high (300 bars x 0.1 points) if our chart is a perfect square. The key thing is to set the chart up so that a 45 degree line covers an equal amount of price component and time component when considered in the light of price/time measurements. This is why this method of scaling called square

scaling – any square drawn on the chart represents a perfect exchange between price and time, according to our predefined rate of transfer between the two.

When we set up a chart in this way, something amazing happens. What occurs is that the true geometric nature of the markets suddenly becomes visible to the naked eye. In all other charts, the geometry is hidden because the price and time axes are independent of each other. But when they are set to reflect the market's natural price/time rhythms, it's like the television set got fixed and the picture can finally shine through.



This chart is scaled at 0.1 points per bar, as discussed before. All I've done is draw a square starting at the high at A

and moving down to the low at B. Then, move over to the edge of the square and you'll see that it lines up with a future high at C.

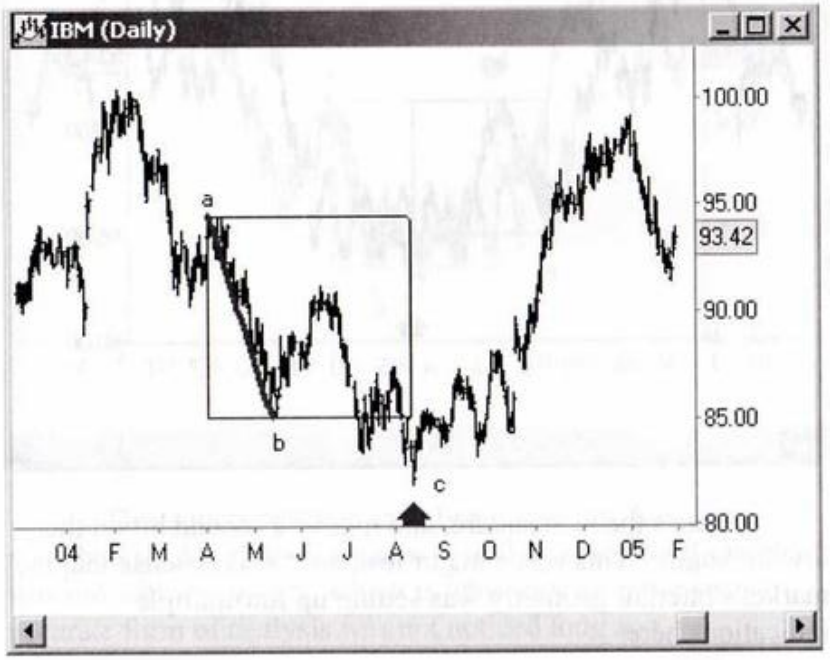
Let's move forward a swing:

This is a smaller swing, but the same relationship holds. So start the square at A, set the height using B, then take a look at where the edge falls. In this case, it coincided with the low at C.

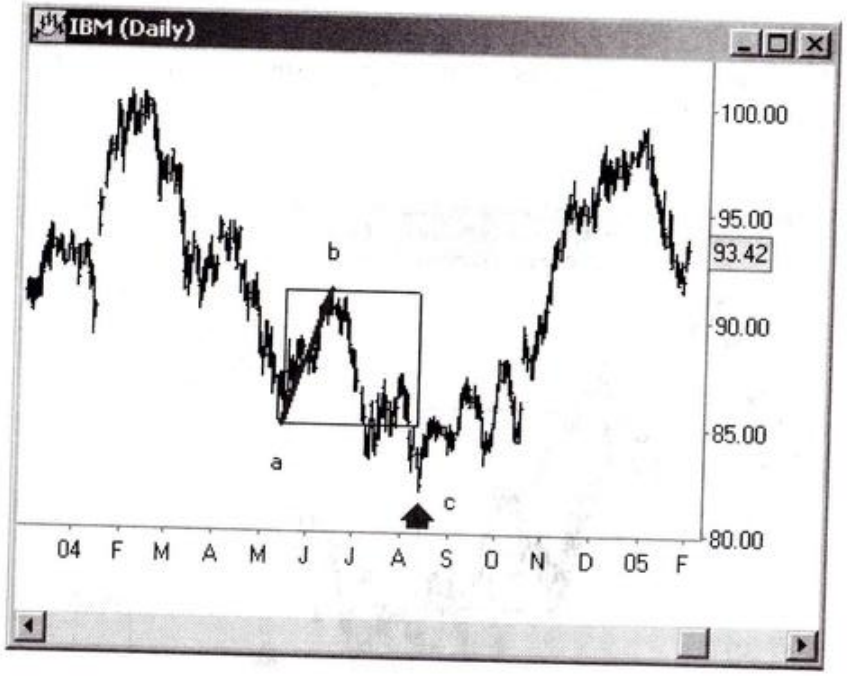
All we're doing here is using a very simple geometric shape that every 1st grader has totally mastered. It's nothing

fancy, yet it's picking out tops and bottoms in the future on IBM. This is all possible thanks to our properly squared chart.

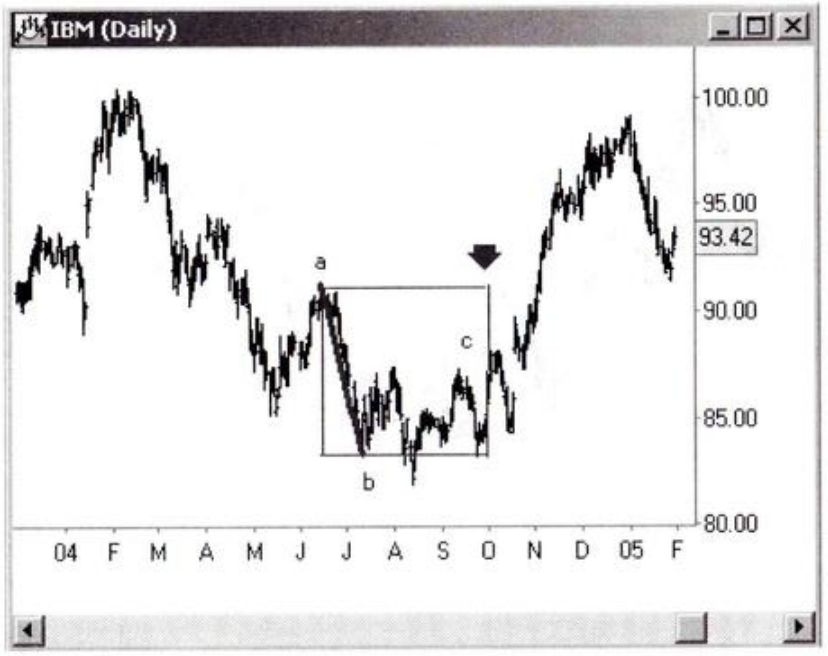
Let's continue along:



Again, set the square using swing points A and B, then look for at turn at the edge. This one lined up with the major low in August.

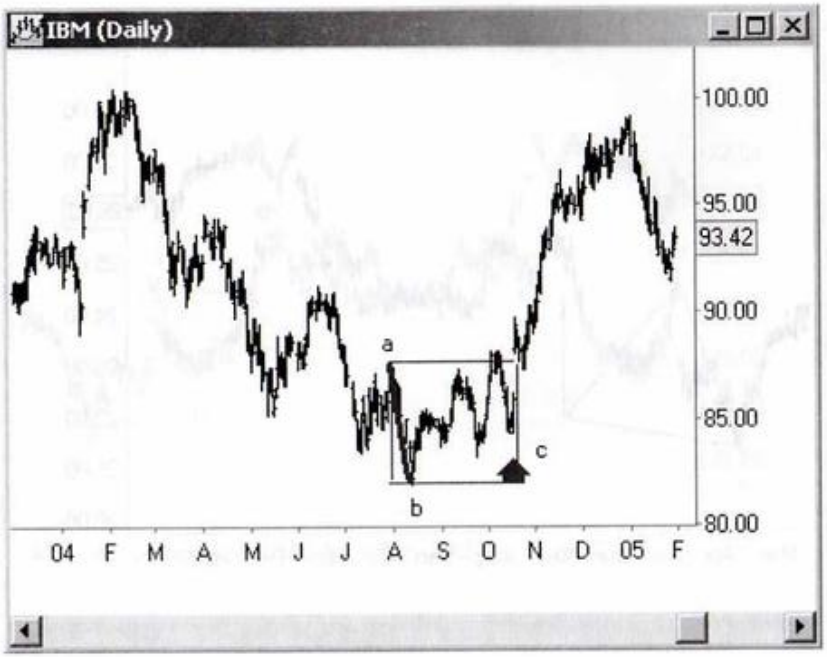


Here's the next square, and it gave a second hit on the low in August. This was a major low, so it makes sense that the market's internal geometry was setting up for multiple indications here.



This square resulted in only a minor top, but a top nonetheless. All of these squares would be invisible if our chart was not scaled properly, which is why such a simple yet accurate form of analysis was not noticed long ago.

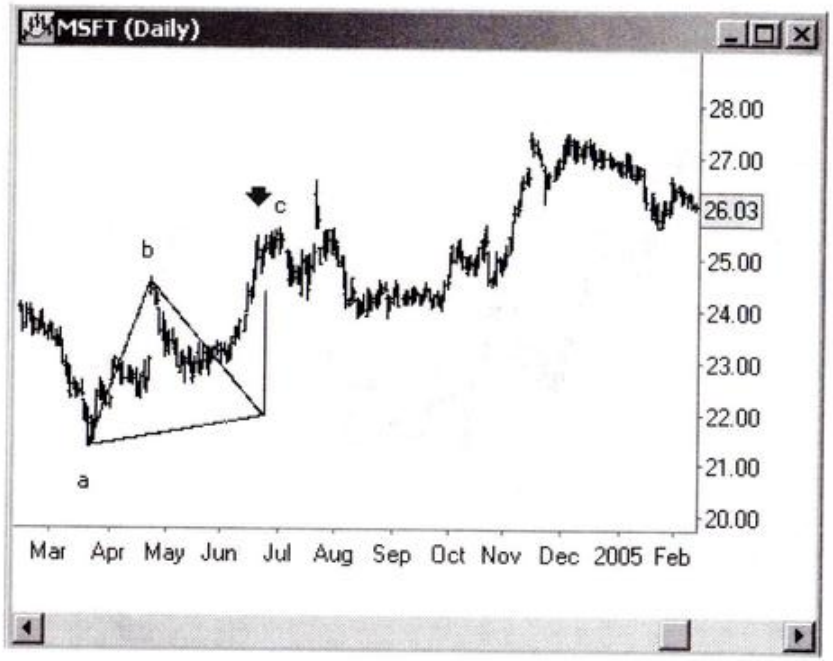
This chart is similar to the last one. The square gave a minor top, but it was still a very clean signal.



Here's the last swing of the down trend, giving us a nice reaction at the low at C.

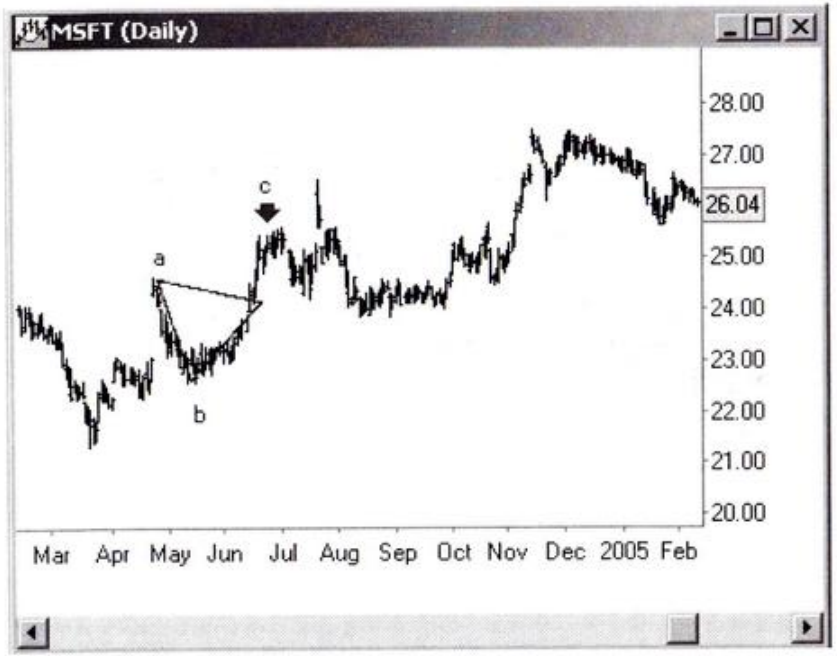
This technique using squares should be very obvious by now. It's really very simple. The reason it works is that markets have their own geometry that is set by price/time relationships between highs and lows. When we construct the chart to show these relationships graphically, we find that even the simplest shapes become powerful forecasting tools.

Now let's take a look at MSFT, running at 0.05 points per bar, and see what geometry we can find:

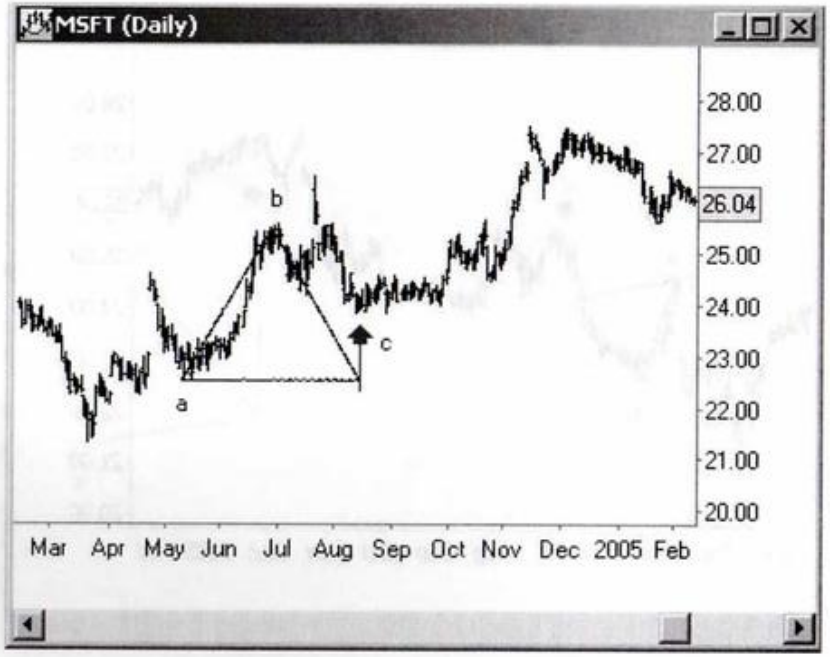


Instead of squares, this time we'll look at triangles. Although the shape is different, the procedure is the same. So set the triangle with one corner at A, another corner at B, then look for the far right edge. In this case, it gave us a top at C.

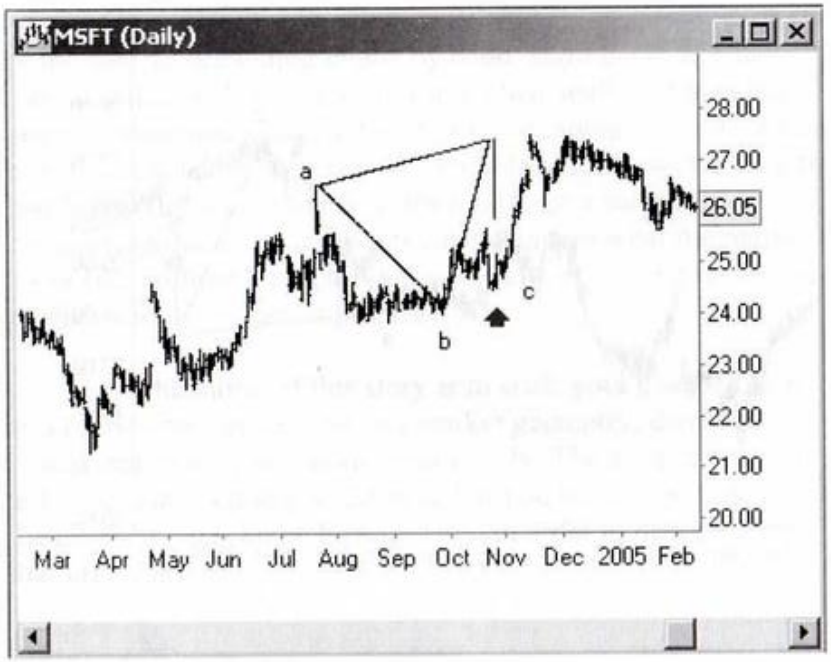
Let's move forward a swing:



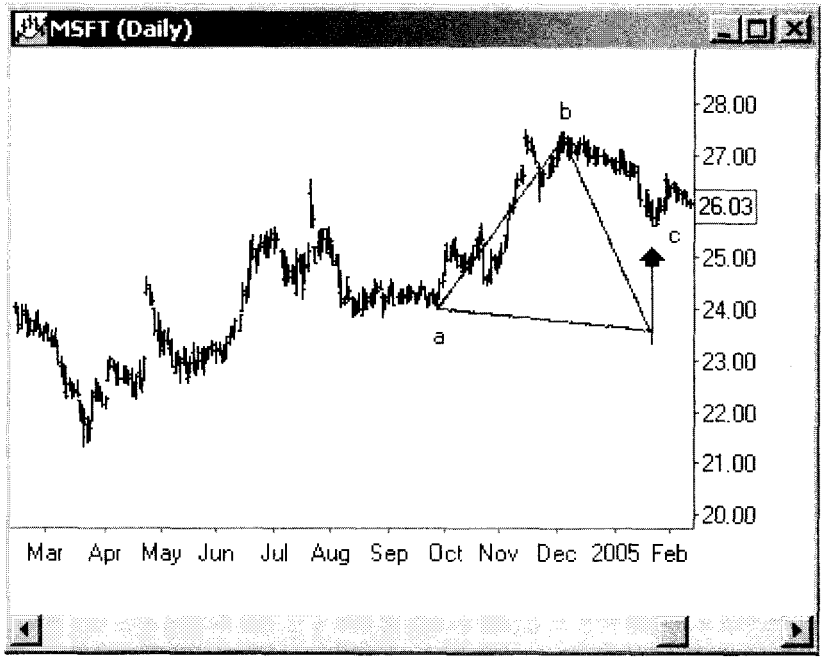
We got the same high again with our triangle on this one.



This triangle tagged the low.



This one got us the minor low at C before a big move up.



Finally, this one got us a correction low in early 2005.

We looked at a lot of charts in this chapter that were very simple, but this is such an important topic that it seemed like a good idea to do it that way. With the advent of computers, the art of drawing a chart by hand fell to the wayside, and with it any idea about how to properly scale charts. It's a big loss for the field of technical analysis, as the geometric tools available to traders using a properly scaled chart are far more powerful than any of the oscillator-style indicators found in every modern day analyst's toolbox.

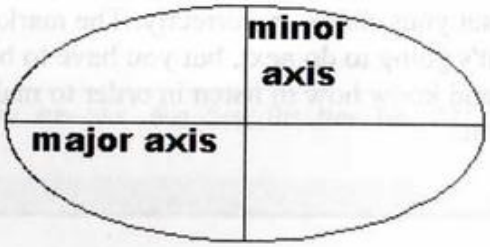
Gann, Bayer, Marechal, and the other legendary traders of the past all drew their charts by hand, and I guarantee they were familiar with the idea of proper chart scaling. There has been constant and steady interest in these famous traders, but no one in recent history has really been able to replicate the results had by the old school masters. It's really not a surprise, considering that modern traders can't even ***see*** what the market looks like without a properly drawn chart, let alone develop the precision tools to trade it properly.

So the moral of this story is to scale your charts! Once you know about price/time and market geometry, there's no excuse not to set your charts up correctly. The market wants to tell you what it's going to do next, but you have to be able to see the geometry and know how to listen in order to make use of that information.

7. Patterns

We've seen that simple geometric shapes like squares and circles can be used to forecast future turning points in the market when applied to a properly scaled chart. In this chapter, we'll take a look at two slightly more complicated geometric patterns that work even better.

The first shape we'll look at is the ellipse. An ellipse looks like a squashed circle, and has the following features:



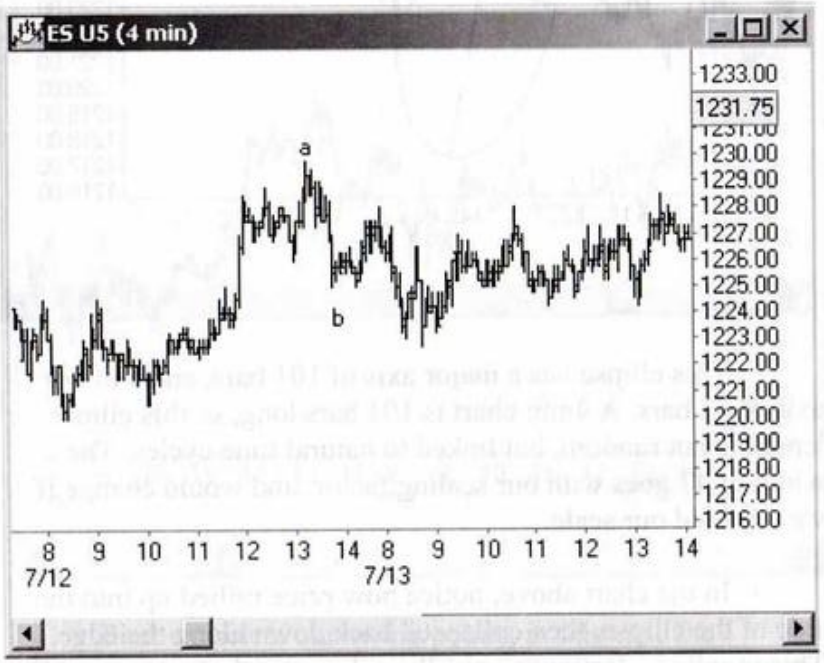
The two lines running through the center of the ellipse are called the axis lines. The long one is the major axis, and the short one is the minor axis. The length of each particular axis is what gives the ellipse it's shape. A long major axis and short minor axis will result in a very long, skinny ellipse that looks like a cigar. If both axes are equal, we get a circle.

Each market and time frame has it's own set of ellipses that it runs on. You usually need 2-3 different ellipses, and you can describe pretty much every significant move that your market makes. I'm going to be discussing ellipses for the S&P/E-mini markets, but the procedure and results will be the

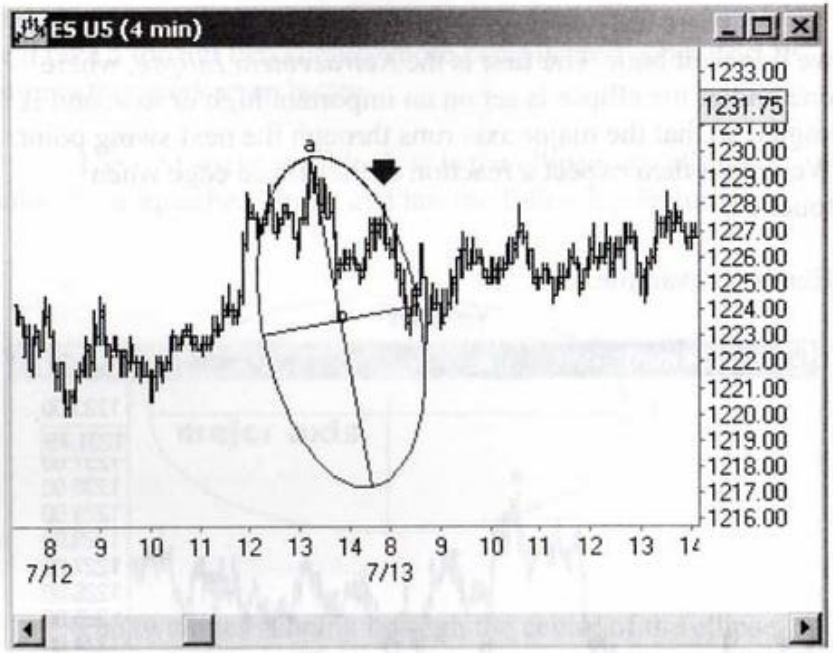
same for any other markets. The key thing is to find the correct axis lengths for your time frame and scale. Don't forget that none of this is possible without a properly scaled chart!

There are two ways to place an ellipse on the chart, and we'll look at both. The first is the *Retracement Ellipse*, where one end of the ellipse is set on an important high or low, and is angled so that the major axis runs through the next swing point. We would then expect a reaction at the ellipse edge when touched.

Here's an example:



This is a 4 minute bar chart of the E-mini, scaled at 0.125 points per bar. We first select the swing A-B, as marked on the chart, and place an ellipse on this point as follows:



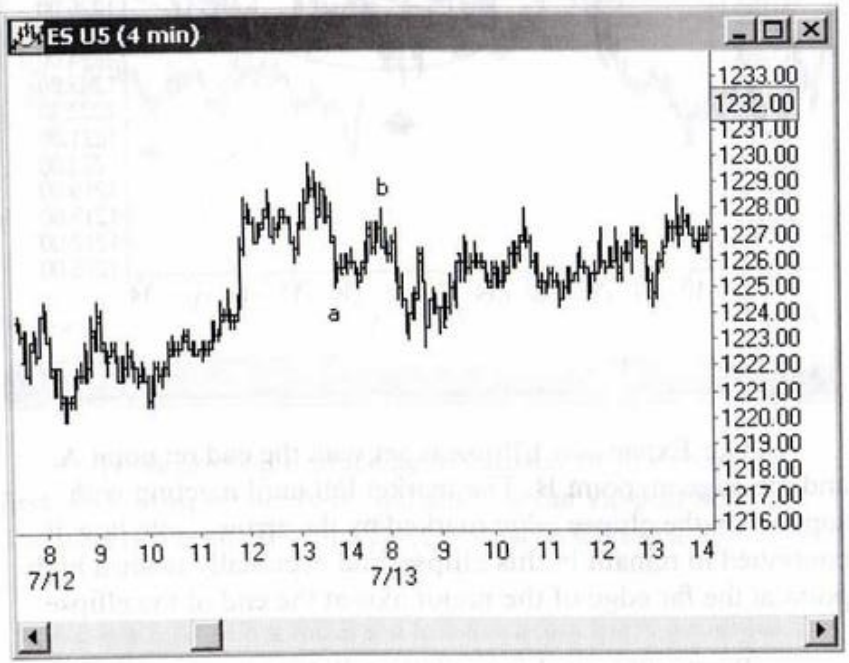
This ellipse has a major axis of 101 bars, and a minor axis of 47 bars. A 4min chart is 101 bars long, so this ellipse length is not random, but linked to natural time cycles. The width of 47 goes with our scaling factor, and would change if we adjusted our scale.

In the chart above, notice how price rallied up into the side of the ellipse, then collapsed back down along the edge. This is called a Retracement Ellipse because the move from B into the edge has to be less than the move from A-B, or the

ellipse would break. It's an extremely common and powerful pattern.

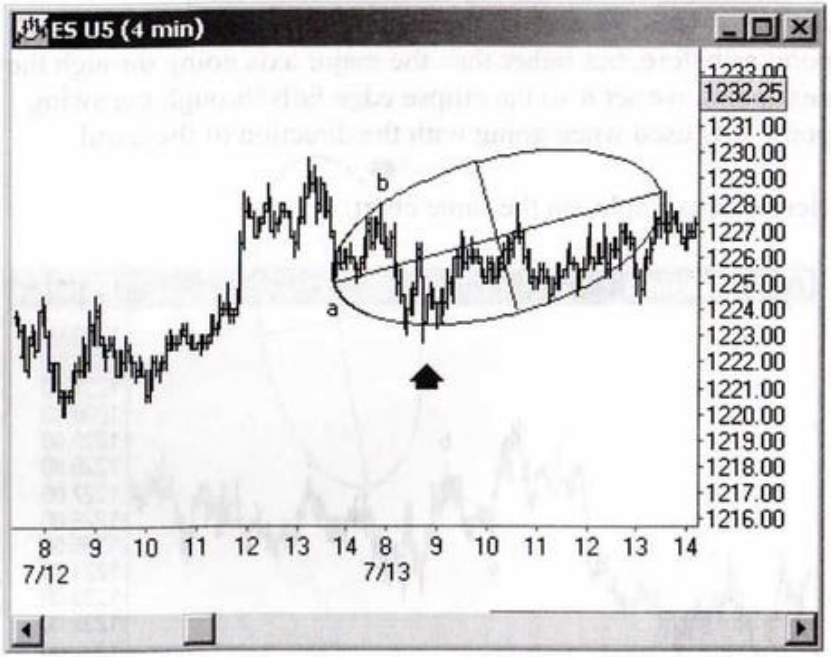
The next kind of ellipse we'll use is the *Expansion Ellipse*. It is set by placing the end of the ellipse on a swing point as before, but rather than the major axis going through the next point, we set it so the ellipse edge falls through the swing point. It is used when going with the direction of the trend.

Here's an example, on the same chart:



First we select our swing points, in this case the retracement A-B. This move goes opposite the downward trend,

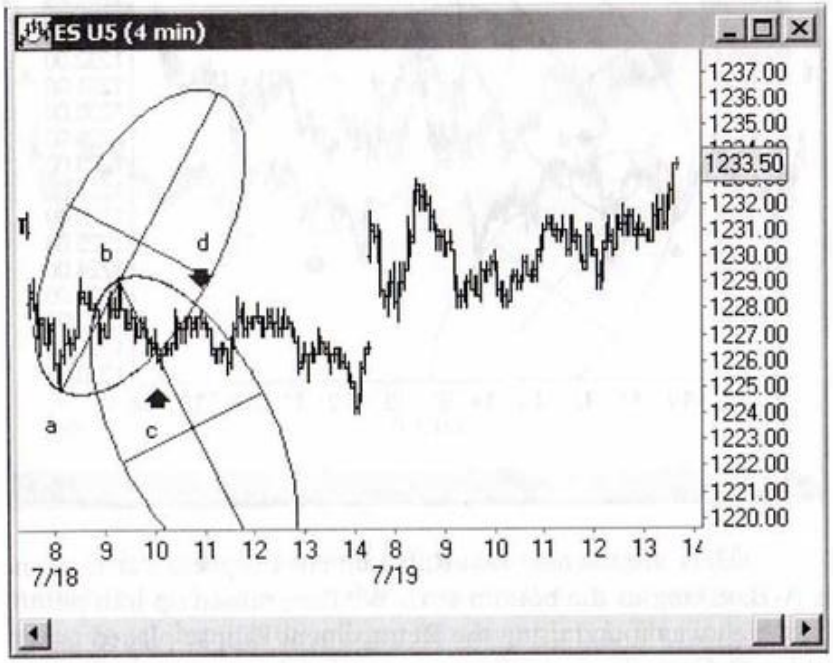
and a Retracement Ellipse wouldn't work because our target would be too near point A. So we use the Expansion Ellipse instead:



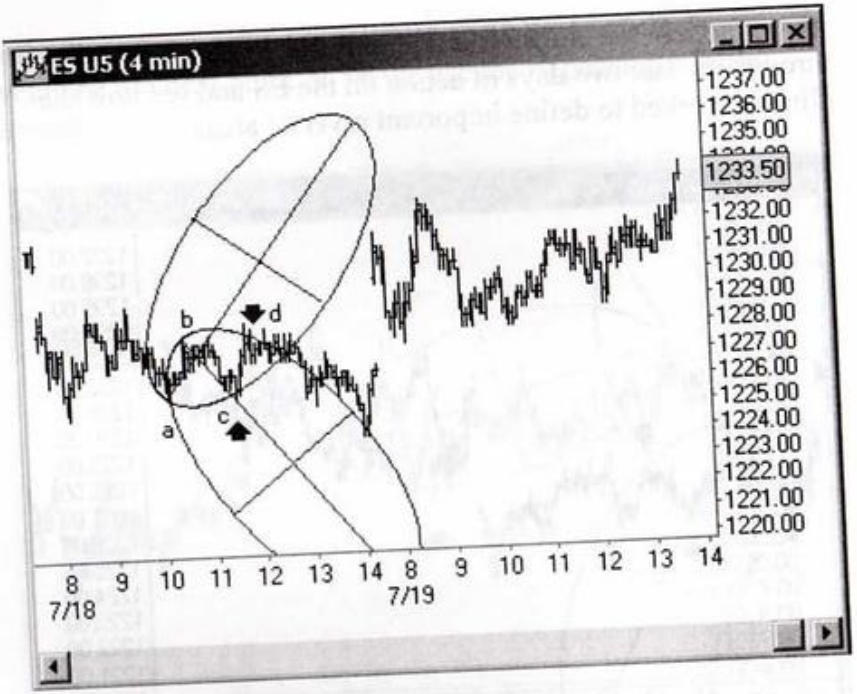
Our Expansion Ellipse is set with the end on point A, and the edge on point B. The market fell until meeting with support on the ellipse edge marked by the arrow. Note how it continued to remain in this ellipse, and eventually made a high point at the far edge of the major axis at the end of the ellipse.

Practically speaking, what we'll do is go swing to swing, placing a new ellipse each time. We will use the ellipse to set up support or resistance for the next swing level, and once it comes

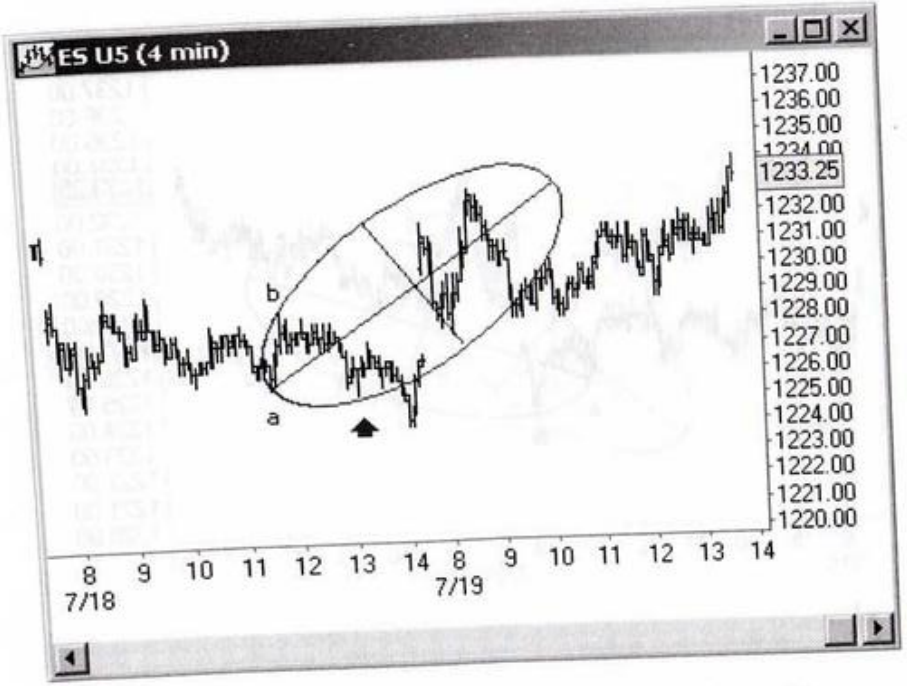
in, we'll move the ellipse and do it all over again. Let's go through the last two days of action on the ES and see how the ellipses worked to define important reversal areas.



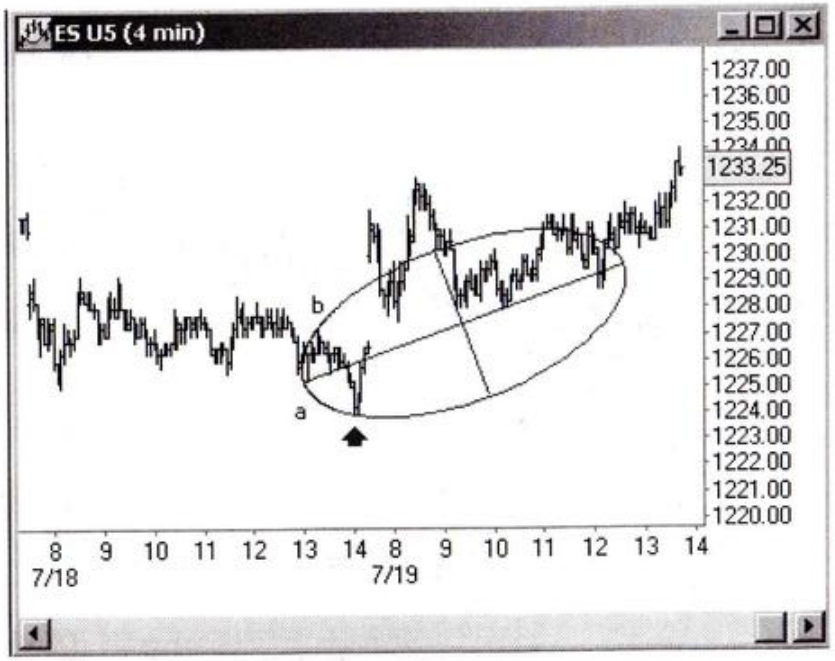
There are two Retracement Ellipses on this chart. The first is set using swing A-B, and gave us our support level at C. The next is placed on swing B-C, and gave the top at D.



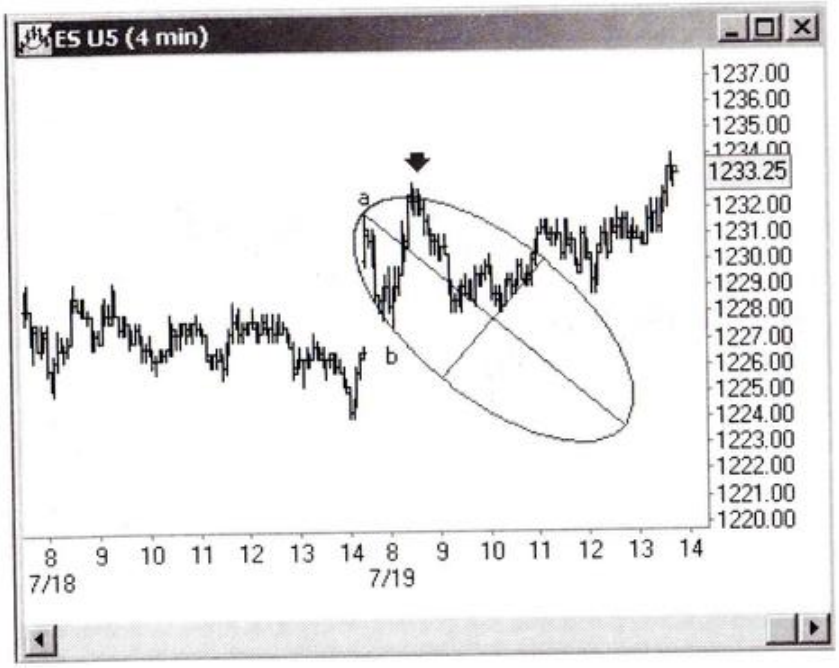
Here are the next two Retracement Ellipses. Our first one is A-B, giving us the bottom at C. We then rallied up into point D, which was found using the Retracement Ellipse placed using swing B-C.



This is an Expansion Ellipse set on swing A-B. The market fell into the low at the arrow, held for a bit and then broke down through the ellipse to a lower level. This lower level was found using another Expansion Ellipse, as shown in the next chart:

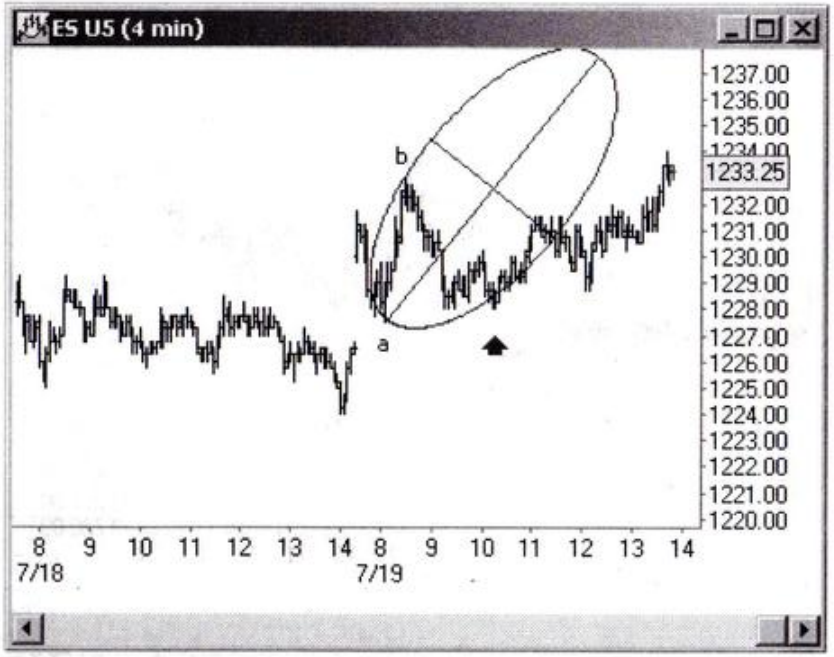


The initial swing was A-B, formed by the previous ellipse's support level. That gave us the low of the day, and we had a big move into the next day on the 19th, which we'll look at next.

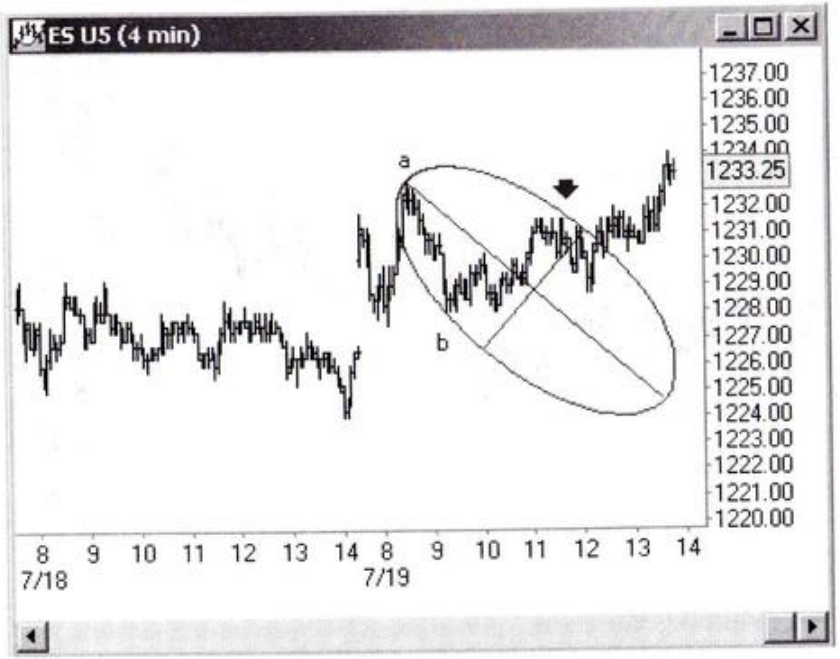


Generally speaking, I find it safer to use swing points all on the same day when working with these kinds of patterns. While you can use swing points that are on different days successfully, there is a night session that takes place and I'm not sure if it's right to skip over that data.

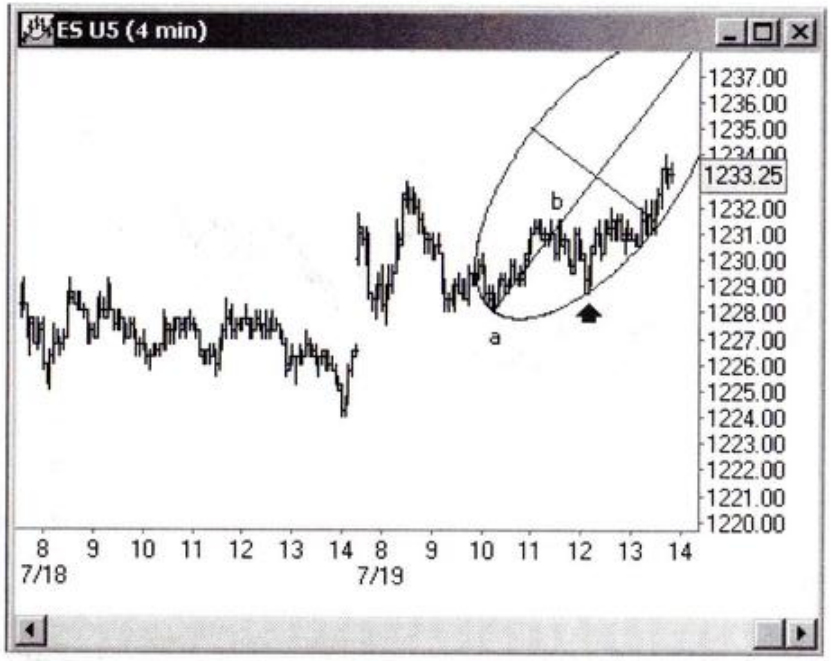
So on this chart, we start using the first swing of the day, A-B, which gave us the top using an Expansion Ellipse.



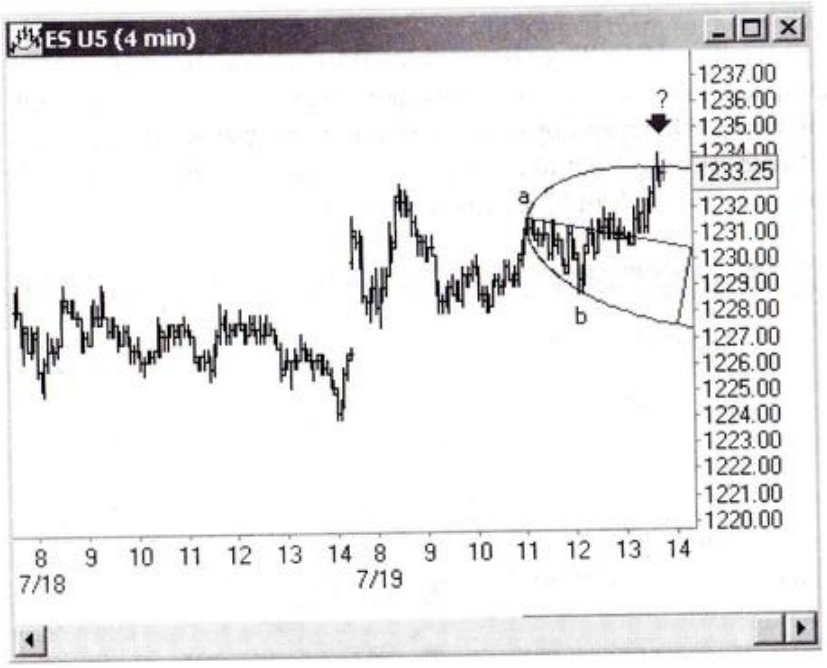
Moving along to the next swing, we find that placing an Expansion Ellipse defined the support level for the decline. Once again, the arrow marks the turning point.



The next ellipse was also an Expansion Ellipse, and marked off the high point around noon. We had a quick drop, but plenty of time to have set up our next ellipse which showed us what to expect:



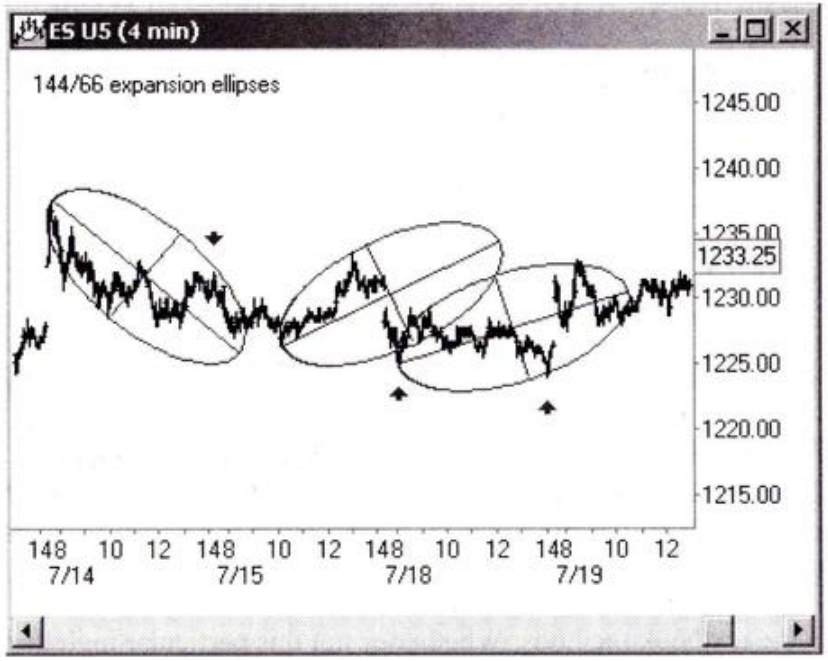
This was a standard Retracement Ellipse, and caught that bottom perfectly to the tick, moving us into new highs and our next ellipse:



This is the current Expansion Ellipse, and this screen shot was taken as I'm writing this. Note that I didn't really have to go back very far in time to find instructive examples. Markets are based on geometry, so once you find something that works, you can put it on any day and should see it working very close to the textbook methods. Whether or not this particular high that we're at will hold still has to be seen, but if it breaks it will be the first time in two days that we had an ellipse failure.

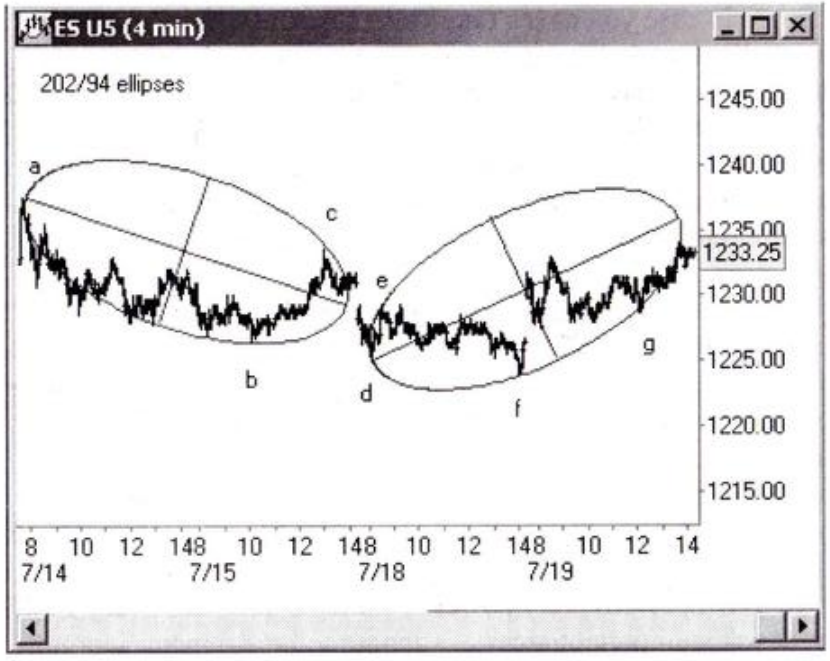
Failures do happen, and you need to be prepared for them, but they are actually quite rare. You can see that our two ellipse rules provided accurate support and resistance levels for every single turning point over the last two days.

The 101 ellipse is considered to be a medium term ellipse, and gives support/resistance levels for a particular kind of swing that shows up when looking at one or two days worth of data. If we go out to a larger view of the market, we'll see it's brothers the 144 and 202 ellipses at work.



The next ellipse up is the 144/66 ellipse, which you can see working on the chart above. It works on slightly larger swings than the basic 101/47 ellipse we saw earlier, but everything still functions in the same way. The chart shows three Expansion Ellipses, and the arrows mark the turns they caught.

Another ellipse to watch on the longer term is the 202/94 ellipse. You can see how it looks on the same chart:



Remember that larger ellipses work on larger moves, so the first ellipse was set on the big down move from A-B. It caught the high at C before price broke out of the pattern. The next ellipse is a little different, and was set using the minor swing D-E, but caught the turns at F and G nicely. Once you saw F come in, finding G was pretty easy.

The bigger ellipses seem to stay valid a bit longer than the smaller ones, so you can place them and forget about them for a few days, whereas the smaller ones need to be moved more

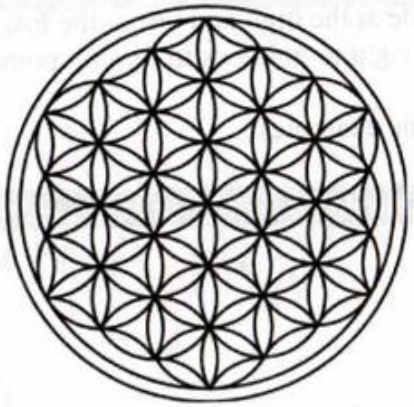
frequently. The 101/47 in particular works best when reset each time a new turning point comes in.

In case you haven't noticed, these three ellipses are all related in length. The 101 is our base ellipse, and represents the length of one day. Next up is the 144, and then the 202. The 202 is a two day ellipse, and the 144 is 101 x 1.414, the square root of 2. That's significant because if you take a right triangle with two sides equal to 1, the hypotenuse is going to be equal to the square root of two.

So in the context of the price/time background that lead us here, if the 101/47 ellipse is our key one day ellipse, it represents one of the sides of the triangle, and the 144/66 ellipse is the hypotenuse. Then, turn the 144/66 ellipse into the side, and you get (almost) the 202/94 ellipse as the hypotenuse of a bigger triangle. So we see geometry at work even in the selection of ellipse sizes.

Ellipses are very powerful patterns, and work very well to describe important areas of support and resistance. George Bayer is the only other person that I've ever come across who has written about ellipses properly, so it's not a widely known or used pattern by any means. The key ingredient to using any shape like this is a properly scaled chart, which is what keeps most traders from being able to exploit (or even research) these patterns. Using an ellipse without a properly scaled chart is like driving a car without brakes – it doesn't take long to crash under those circumstances. Everything is built up from the fundamental realization that price and time are expressions of the same energy, so keep that in mind throughout this chapter.

We've already seen a very rudimentary version of our next pattern back when we looked at triangles. The full pattern is called the Flower of Life, and looks like this:

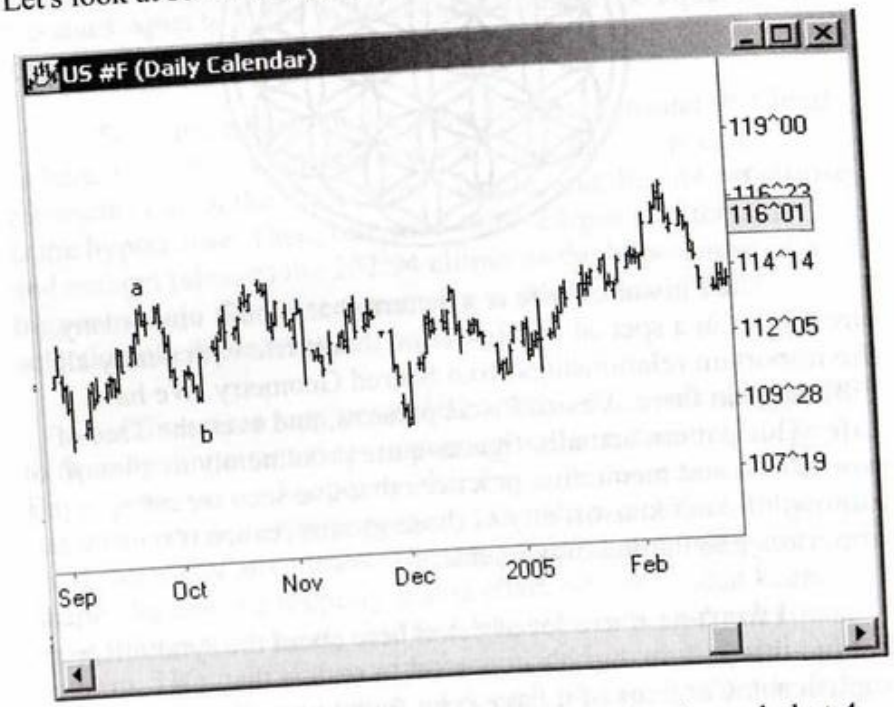


The Flower of Life is a pattern that is built up of many circles, set in a special configuration that is rife with nearly all the important relationships from Sacred Geometry. We have Fibonacci in there, Vesica Piscis patterns, and even the Tree of Life. This pattern actually figures quite prominently in a lot of workshops and meditation practices that I've seen recently, although I don't know if any of those groups realize it's importance to market movements.

I won't go into a lot of detail here about the symbolism behind this pattern, but it's important to realize that it is significant. Carvings of it have been found on ancient monuments across the globe, and a quick internet search will give you an idea about the interest this simple pattern has generated.

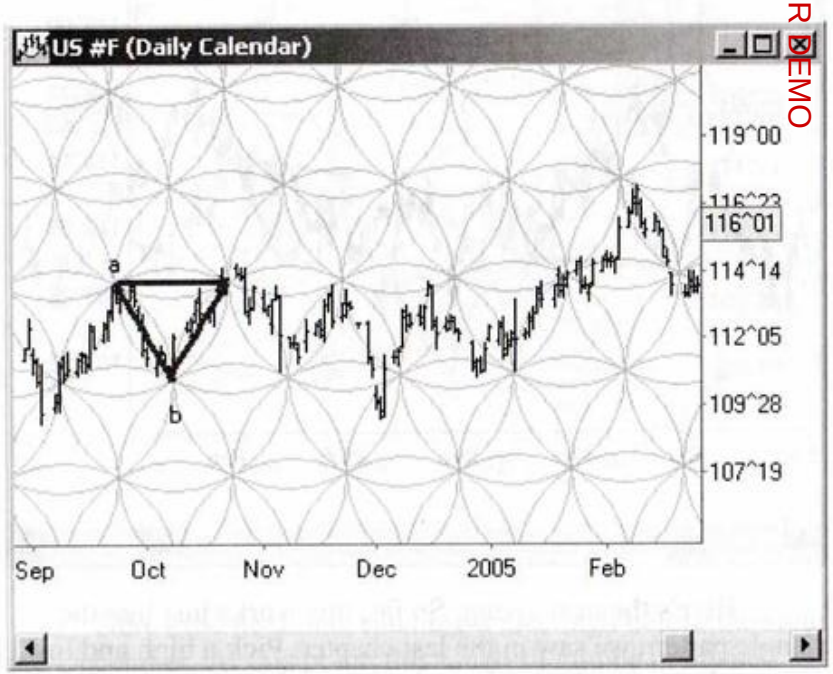
For our purposes, we're going to use it to forecast market turning points. We will do this using the nodes of the pattern, which are the places where all the lines come together. The basic method we'll use consists of placing a node at each end of a swing, one node at the high and one at the low, and then using the nodes to the right to guide us to turning points.

Let's look at some examples:



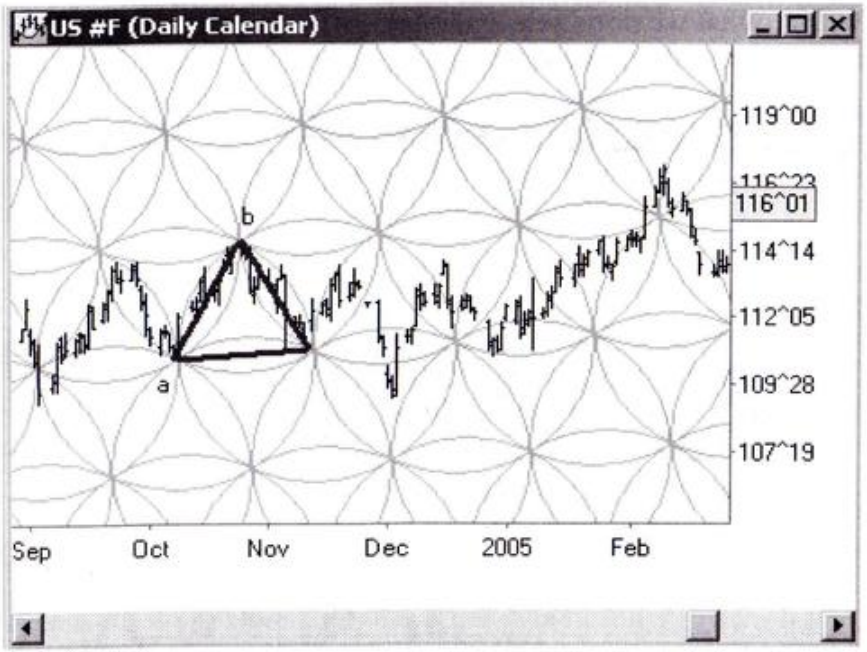
This is a daily chart of US Treasury Bonds, scaled at 4 ticks (0.125) per bar. Note that it is a calendar day chart, which means we're including weekends as well as trading days.

What we do is select a swing point, in this case A-B, and set a Flower of Life pattern on it:

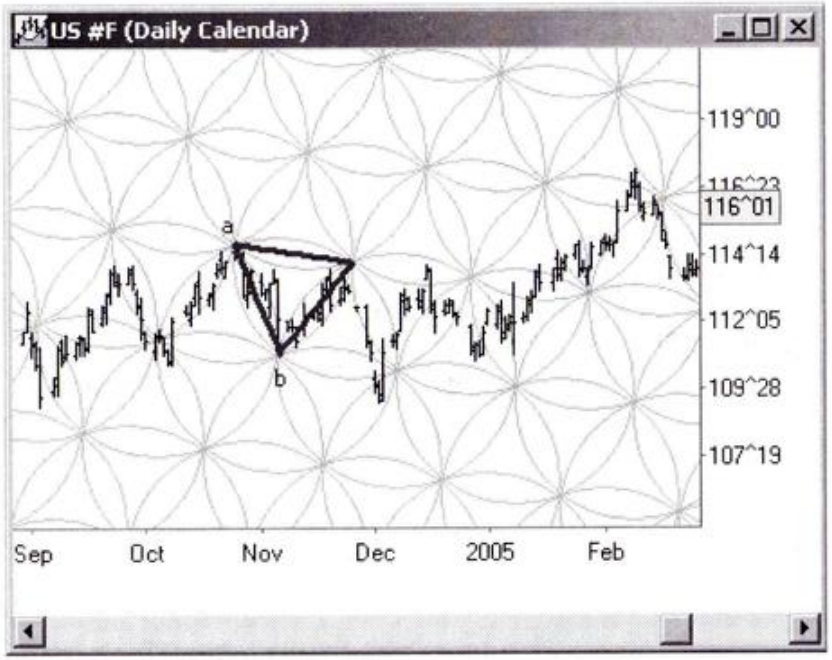


This pattern then forms an initial triangle, by using the nodes that are connected to our swing. I've drawn it in on the chart above so it's easy to see. The point of this triangle is our expected turn, which you can see worked well to catch the high in October.

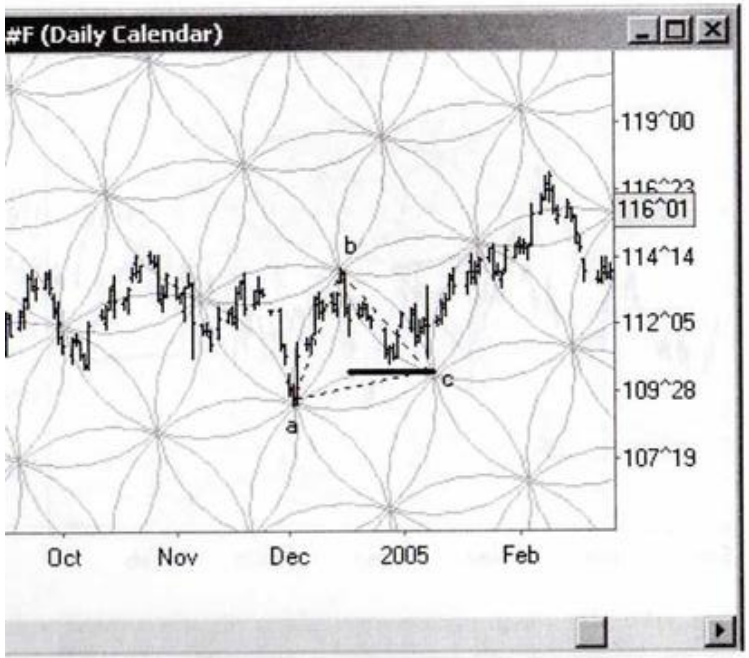
A-PDF MERGER DEMO



Here's the next swing. So far, this works just like the triangle pattern we saw in the last chapter. Pick a high and low, connect them, then look where the point of the triangle falls for an expected time of turn in the future.

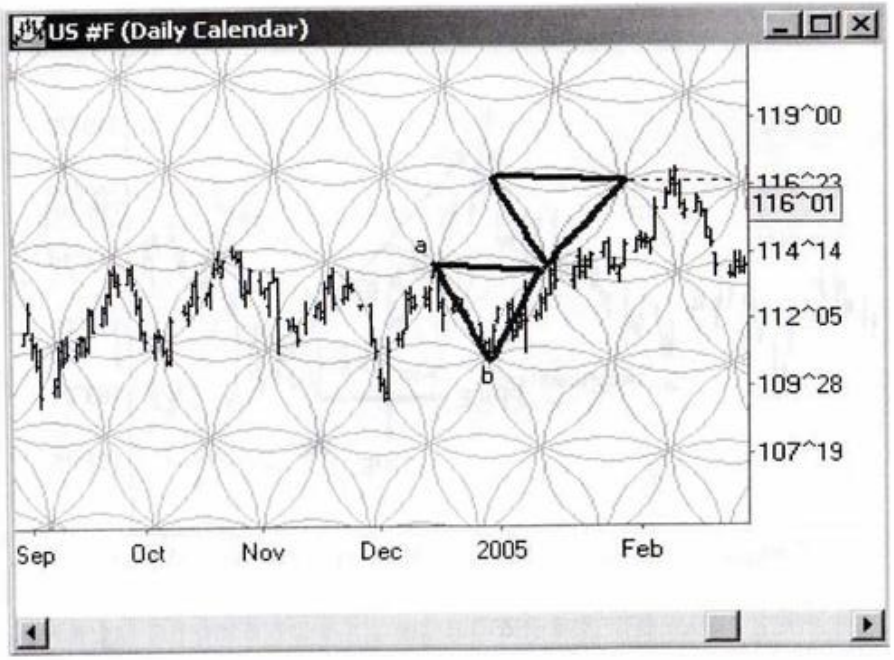


Here's the next one, catching a nice high before the slide into December. At this point, this much should be pretty self explanatory.

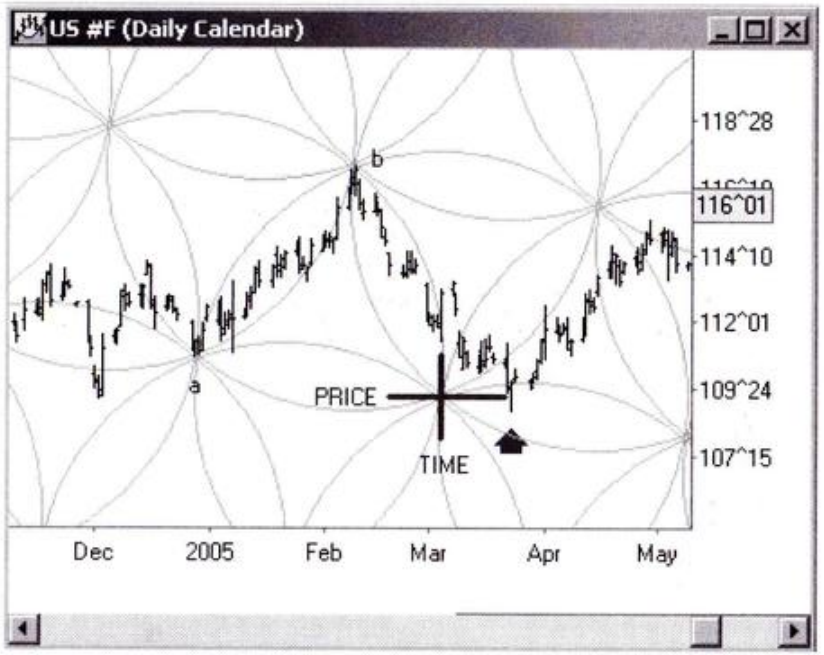


What is important to realize is that the nodal points, or
e tip, works in both price and time together. So in this
le, you can see how the tip at C generates a support level
e, drawn by the thick line extending back. The market
ted this level long before it hit our time target to make the

If you go back over the last few examples of this pattern,
see that the price levels as set by the nodal point were
ant levels of support and resistance.

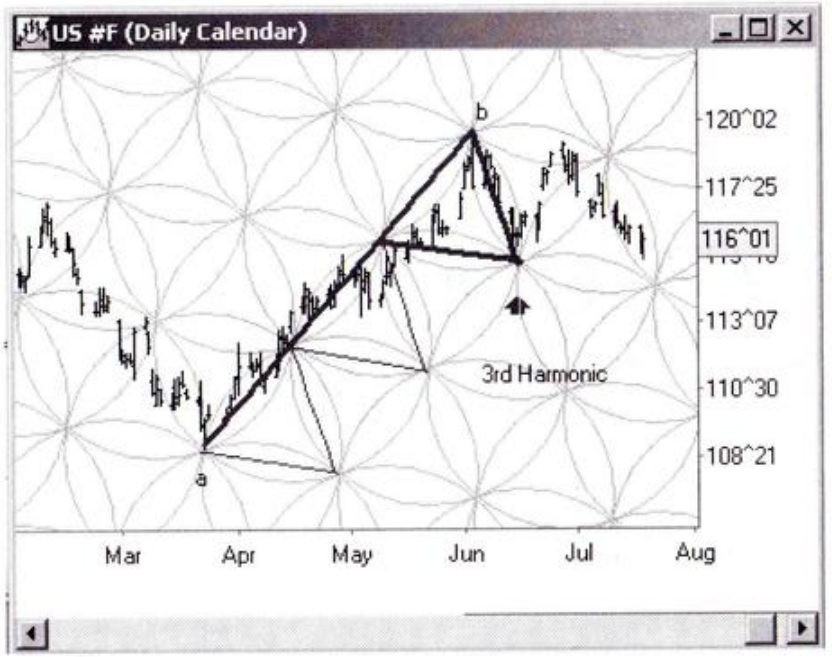


We can use this information quite often. The initial triangle formed by the Flower of Life was violated as the market moved up in the first part of 2005. In this case, we move into the next triangle area up, and the price level set by this triangle caught the high. Oftentimes, a market will not reverse until both the price level and time level set by the Flower have been met. So in the chart above, the time target of the second triangle was hit in late January, but the market still had to move up high enough to take out the price target before a turn could be formed.



An example of both time and price targets needing to be met before a turn can be completed is shown in this chart. Our Flower gave us both a time target and a price target, as drawn in thick lines. The time target was hit early on, but the market only reversed once we hit the price target as well. In fast markets, it happens in reverse order, where price is hit, and then the market has to wait around a bit before the time comes in, and only then can it reverse.

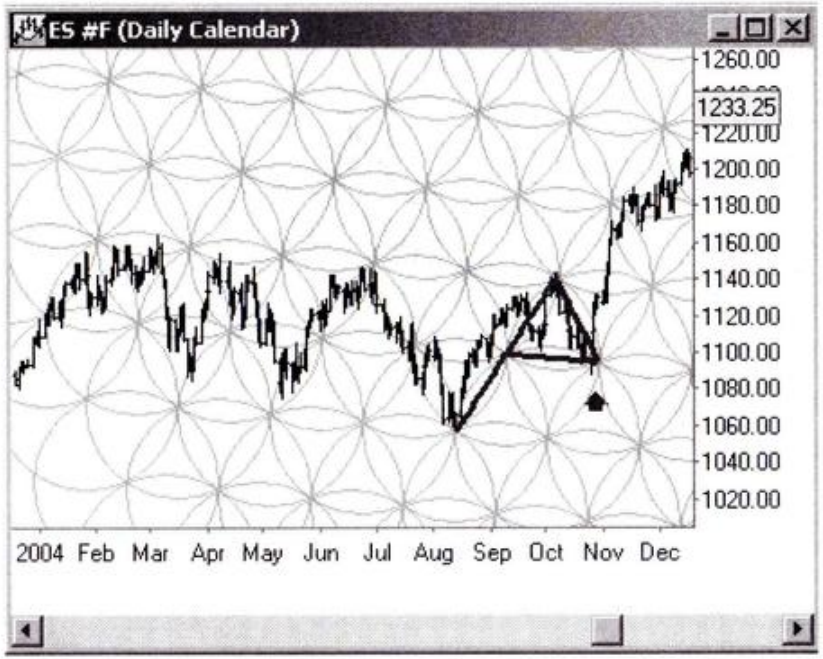
The next chart shows what happens when the market puts in a big move and can't continue down to a very distant price and time target:



In this case, we had a big upswing that lasted almost three months. The next swing point was much smaller, and was found by subdividing our original swing into three sections, each of which formed it's own triangle. The triangle that we use is the one on the very end, the tip of which is shown by the arrow.

Swings often divide in half, more rarely into thirds, and hardly ever into fourths. The example above showed thirds, but usually you only have to be aware of the original and half divisions. The half divisions are especially common when the market forms a retracement level in a strong trending market.

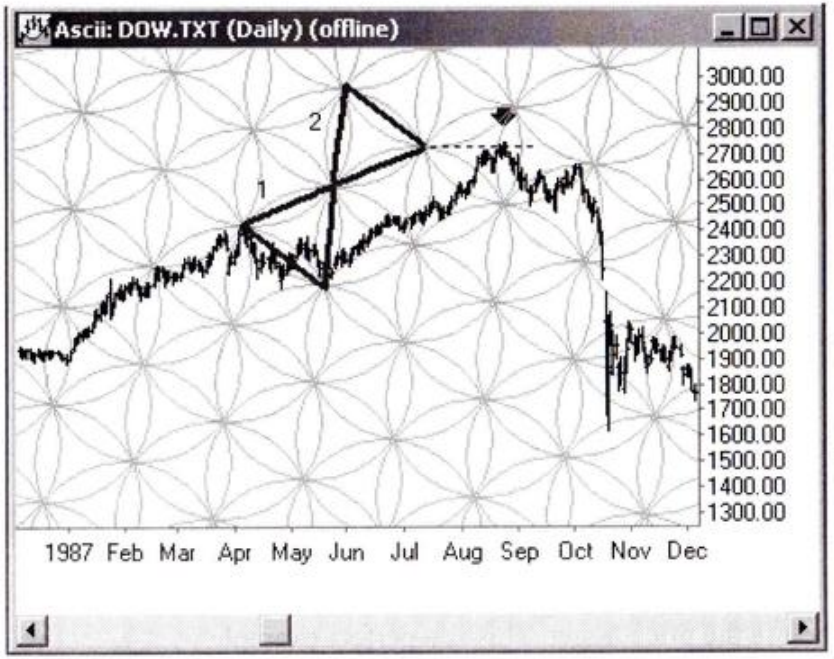
You can see this in the following chart:



This is a chart of the mini S&P, scaled at 1 point per day. The market made a low in August that began a long trend up into the far right of the chart. Strong trending markets usually do not have enough energy to make it all the way to a full Flower target when forming corrective moves, so we often see the halfway points used instead, as shown on the chart above. This is a very common situation, and should be kept in mind when you need to locate a termination zone for a corrective swing in a trending market.

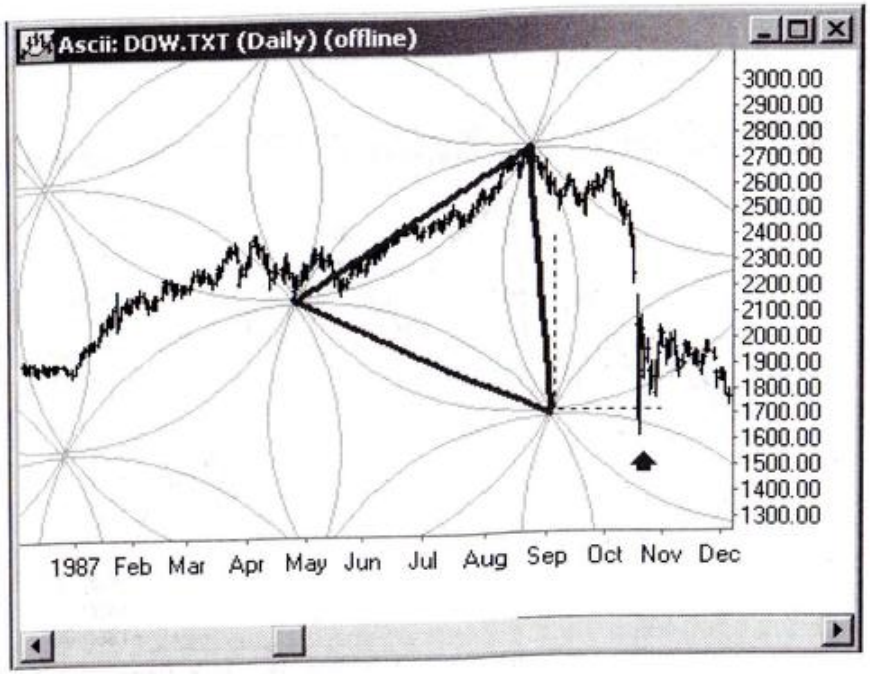
Now let's take a look at the crash of 1987 in the light of the Flower of Life, and see how it worked in an extremely volatile and emotional market.

Let's start off with the top before the crash:



This is a chart of the Dow Jones Industrial Average, scaled at 10 points per day. In 1987, the market spent April and May forming a retracement before the next push up to the big top. The Flower pattern was set using this retracement level as shown. The market broke through triangle 1, and into triangle 2, where the price target tagged the top almost exactly.

Now let's look at the bottom after the crash:



Earlier we saw how sometimes the time target comes in before the price target. This is a perfect example of how that will look. As the market was crashing, it had enough energy to follow the initial triangle without having to subdivide into halves or thirds. The time target was completed very early, coming in the first part of September, so the price target was the important thing in this forecast and you can see that the market wasn't able to go much beyond it, despite the fact that it was crashing at the time.

So the Flower caught both the high and the low of the crash of 1987 with high accuracy. What we are working with here is natural law, and natural law doesn't all of a sudden cease

to function because there is a crisis at hand. All market movements, from the most boring rally on the S&P during lunch time to the most wild crash on the Dow all follow the same rules and differ only in speed and size. The patterns are all the same, and if you know how to measure the basic energy that the market runs on by using a scaled chart, and can plot the expressions of this energy out using the appropriate geometric patterns, then you should be prepared for and able to take advantage of all situations, no matter what is happening down at the broker's office or on the floor of the exchange.

8. Astro Primer

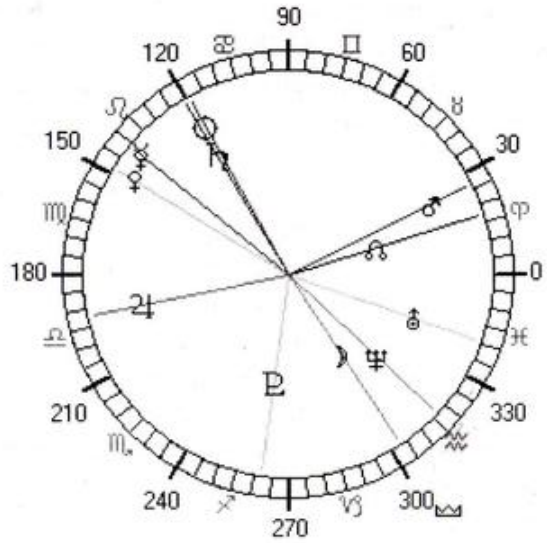
At this point, we're going to start looking at some tools that are not based directly on the chart itself, but that use techniques taken from astrology and numerology. Generally speaking, these techniques meet with quite a bit of superstition in mainstream society, and most people only have a very rudimentary grasp of what astrology is and how it is used. This chapter is designed to be an overview of various terms and definitions so that we're all on the same page later on when we get into the more advanced forecasting techniques.

So let's start at the very beginning, and work our way forward to get to the good stuff. There are 11 planets we need to be aware of, and they are:

PLANET	SYMBOL
Moon	☽
Mercury	☿
Venus	♀
Sun	☉
Mars	♂
Jupiter	♃
Saturn	♄
Uranus	♅
Neptune	♆
Pluto	♇
North Node	☊
South Node	☋

The North and South Nodes are not planets, but are the points in space where the path of the Moon crosses over the ecliptic. This means that if we have an eclipse, the Moon has to be right on top of one of it's nodes for it to happen, otherwise the Moon would be either too high or too low to line up with the Sun.

Each planet has a particular position at a given point in time, measured in degrees from 0 to 360. On the charts you'll see in this book, zero degrees is always to the right and the planets move in a counter-clockwise fashion.



The wheel above is a graphical representation of this information. This will also be referred to as a graphical ephemeris, or just ephemeris for short.

Zero degrees is to the far right, and you can see that the values increase as we move counter-clockwise around the circle. Each radial arm from the center represents a particular planet, and is labeled with the appropriate glyph. So Mars right now is almost at 30 degrees. The 12 symbols around the edge of the wheel are the different signs of the zodiac, each sign taking up 30 degrees of space.

This particular wheel is a **geocentric** wheel, meaning that it represents an Earth-centered view of the solar system. We all know that the Earth is not really at the center of the solar system, but we still chart it as if it was because we are interested in planetary relationships as they affect us here. A **heliocentric** wheel would be one drawn with the Sun at the center, and is more accurate from the perspective of how things really are in the physical world. Both can be used for market forecasting.

The location of the zero degree point is set at the Vernal Equinox. This results in a **tropical** zodiac, which is what all western astrologers use, and what you will see in the newspapers. This system doesn't account for precession, and the result is that the zodiac drifts slowly against the stars. So while the sign of Virgo in the zodiac once was linked to the constellation of Virgo, over time it has drifted off, and eventually the two will be in totally separate parts of the sky. The upside of this zodiac is that it stays correlated to the seasons here on Earth, which would not be the case if we stayed perfectly on the constellation positions. The other zodiac system, which does account for precession of the equinoxes and keeps the constellations and zodiac signs perfectly together is called the **sidereal** zodiac. It is used in Vedic Astrology, and can

be thought of as the eastern system. The two zodiacs are currently off by about 23 degrees from each other.

So the planets will always have the same pattern and relationship to each other no matter which zodiac we are in, but their actual degree values will change from one to another. This will become important later when we start converting planetary positions to price, as a 23 degree difference will give a totally different result.

An **aspect** between planets is their difference in degree. So if the Sun is at 120 degrees, and Mars is at 30 degrees, they are forming a 90 degree aspect. Note that aspects always are calculated on the smaller side of 180 degrees, as we are using a circle and could really measure either way. So 90 degrees is also the same as 270 degrees, since there are 360 degrees in a circle and we can move either direction from one planet to another.

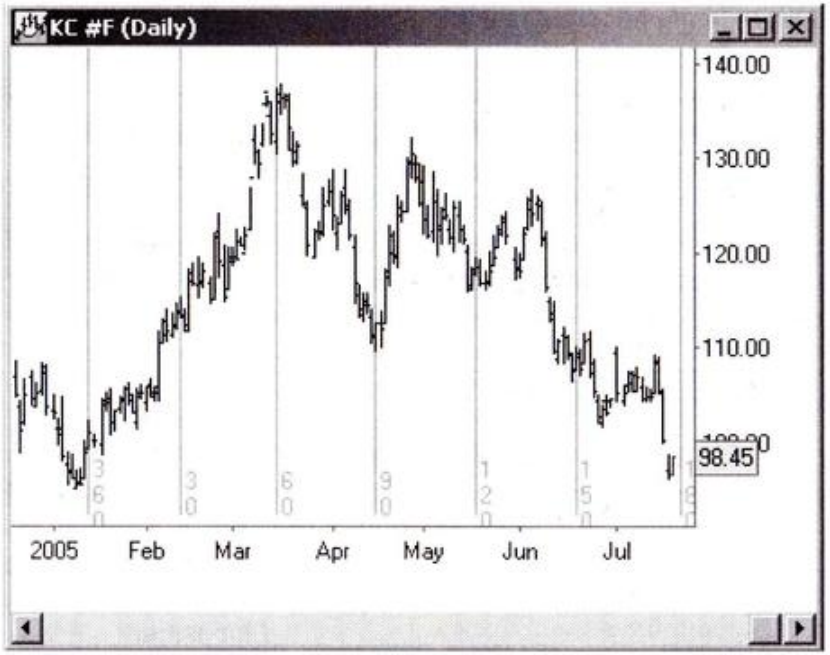
Over time, astrologers compiled a list of important aspects, based on divisions of the circle. A list of common aspects follows:

DEGREE DIFFERENCE	ASPECT NAME
0°	Conjunction
45°	Semisquare
60 °	Sextile
90°	Square
120°	Trine
180°	Opposition

These are not all the aspects that astrologers watch for, but are the main ones. There's no need to go crazy with all kinds

of strange terminology. The most important thing is to realize that these aspects are all based on equal divisions of the circle. So if we chop the circle in half, we'll get 360/2 = 180 degrees. That would be an important aspect, as the two planets would be opposite each other on the wheel. Dividing by 3 is also important, and gives us the trine aspect, based on a triangle. Dividing by four gives us the square aspect, etc.

Any division by a whole number will get you important aspects, and each market will require a slightly different approach based on it's own internal harmonics.



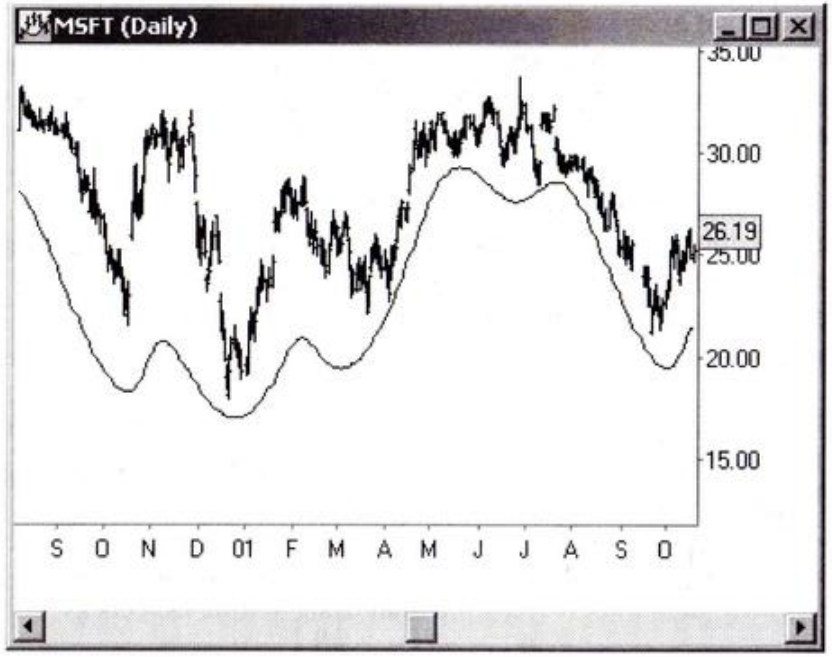
This chart shows aspects between the Sun and Saturn on the Coffee market. Each vertical line represents a particular

aspect that occurred, and the value of the aspect is labeled next to the line. The sextile (60), square (90), and trine (120) aspects this year were all right on, and marked important turning points in this market.

Using aspects in this way is very basic, and to tell the truth I don't put much faith in it. But it is widely used by the astro-trading community, and some advocates of it have had good success. We'll be using aspects too, but in a different way altogether.

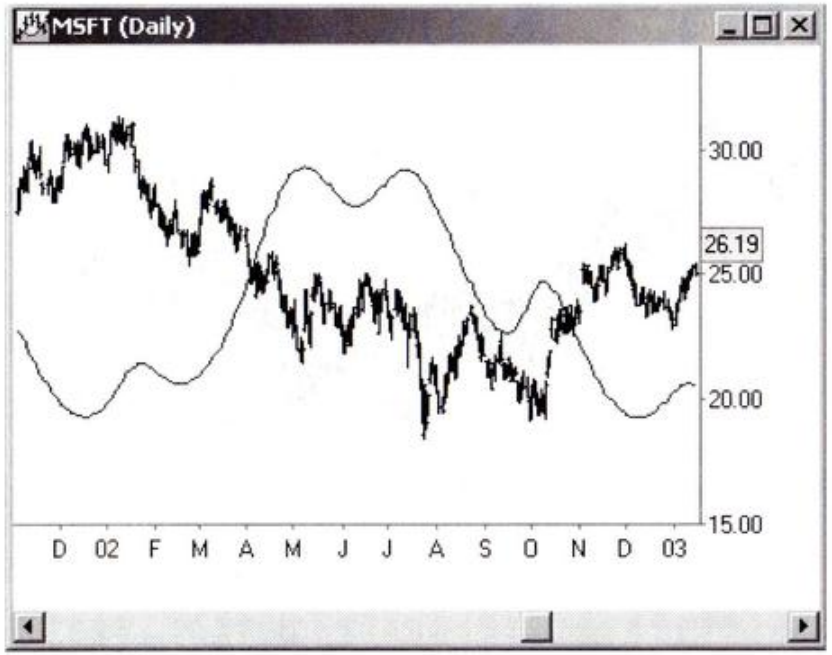
So far, we've been looking at planets as if we were above the solar system, looking down upon it with a bird's eye view. We can also look at the solar system from the side, where we see planets moving above and below the celestial equator. This measurement is called the **declination** of a planet, and is more powerful in market forecasting than using simple aspects as above.

Let's take a look at a chart:



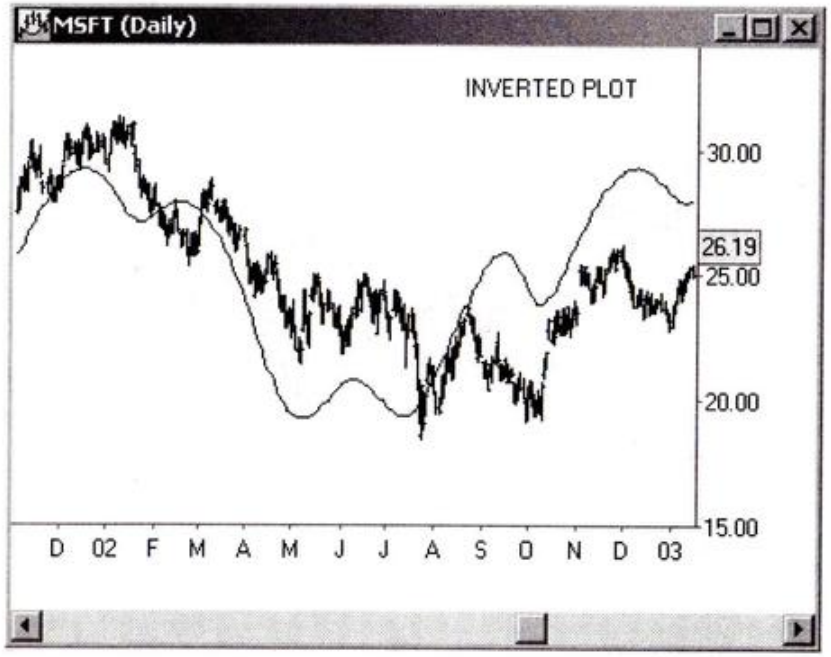
This is a daily chart of Microsoft. The blue line running underneath price looks almost like a moving average, but it's actually the declination of Mercury. Remember, we know what Mercury's declination is going to look like years into the future, so we would have had that line plotted on our chart before any price data was ever recorded. The correlation between price and declination is staggering. It's a perfect forecast, and there was no optimization or curve fitting of any kind. This line comes to us directly from nature.

Let's scroll forward and look at the next year:



Here we are in 2002, with the same stock and Mercury's declination again plotted. At first glance, the accuracy seems way off, but be careful before you reject it out of hand. What happened here is that the correlation between price and declination inverted, so MSFT is actually doing the *opposite* of Mercury instead of moving alongside it like before.

This will be more clear if we flip our plot over, and compare again:

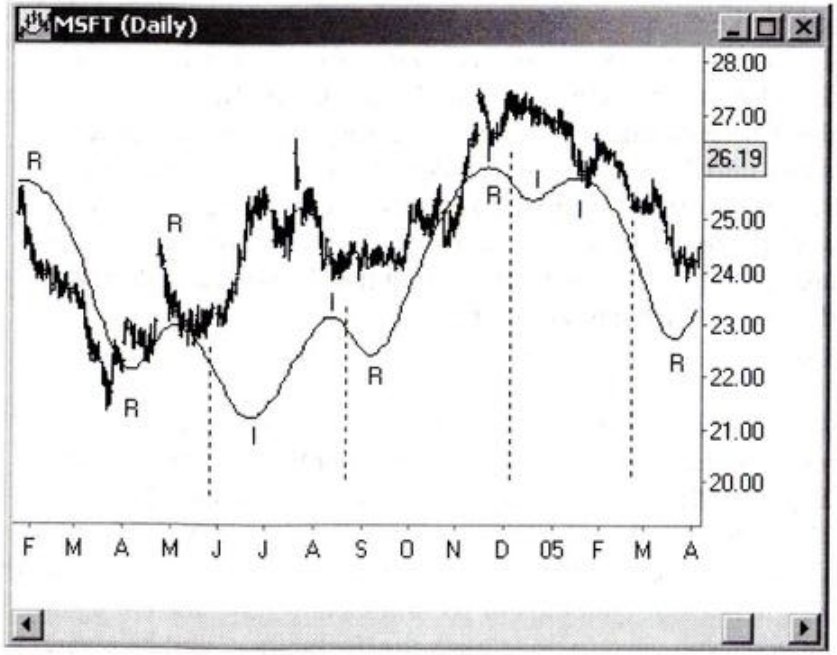


That's better! Now we can see how MSFT was tuning into Mercury the next year. This is the first important point to realize about astrological tools. There is no direct connection between price and declination, so we can't automatically assume a 1:1 correlation between the two. What happens is that the market will flip between following the curve and doing the opposite. When that happens, we have said that our forecast has inverted, as the correlation flipped from positive to negative. If you've ever looked into cycle-based forecasting, you'll be quite familiar with inversions.

So when using any of the astro tools, the important thing to focus on is the projected time of the turn rather than anything about direction in particular. An inverted or regular forecast will

still make a turn on the exact same date, they'll just go opposite directions out of it. So to make our lives easier, all we need to do is know when the expected change in trend date is, and let the market decide which way it's going to go. If the market drops into the forecasted turn date, we'll expect a bottom and a subsequent rally. If the market moves up into our date, we will expect a top to be made and a subsequent decline. So what we are looking at is here is forecasting trend changes, rather than direction. Once that concept is down, things become a lot simpler.

Turning back to the subject of declinations, we find that most stocks do respond to Mercury's declination. What will happen is that you'll see a stock suddenly lock onto the declination, and begin to move in step with it, either following along or doing the opposite. Once that happens, the stock should stay in step for 6 months or so, and then it may fade out again. So what you need to do is track the declination, and be aware of when your stock starts locking on to it.



In this chart, you can see how the market flips from the regular to the inverted declination back and forth multiple times. I've marked regular turns with an "R", and inverted turns with an "I". The dotted lines in between the sections of R's an I's represent the spot where the market actually changed polarity.

As it turns out, these changes in correlation happen halfway between one turn and the next. So if you have one turn that's a regular correlation, and the next one is inverted, then the actual shift in polarity will have happened exactly half way between the two.

So by watching the halfway points, you can get an idea of whether or not the next turn will be a regular turn or an

inverted one. If nothing interesting happened on the price chart at the halfway point, you can be pretty safe in the assumption that the current correlation will continue. However, if you found the market made a turn at the halfway point, or did something unusual, chances are that you've shifted correlation and the market will now do the opposite of what it had been doing before. It's not a forecasting method on it's own, but will give you important clues about what will happen next when watching these cycles.

In this chart, MSFT had been running on a regular correlation, then flipped to an inverted correlation. The spot of the flip happens midway between the two different swings, which is 26 bars into the cycle in this example. This location is

marked on the chart with a dotted vertical line. Notice that this is the exact spot where the market broke out of it's consolidation into a downward move. If you were aware of this halfway point, and noticed the shift in momentum take place, then you would have been able to call the next turn as a low rather than a high as initially expected.

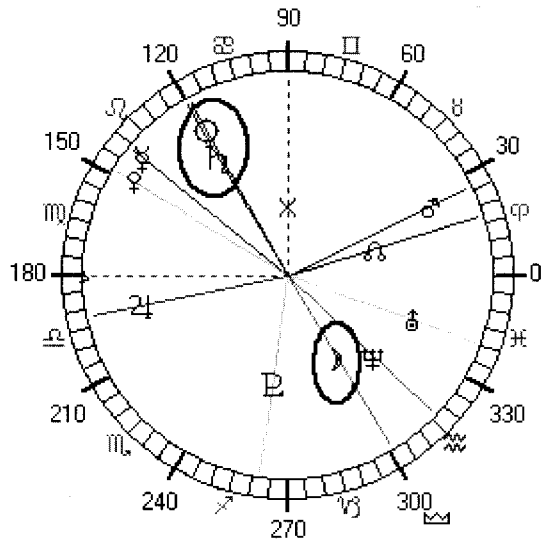
So in this chapter, we've covered the planets, what their names are, and how we set them up on a wheel to show us what is currently happening in the sky. We've learned the difference between a heliocentric (Sun-centered) and geocentric (Earth-centered) orientation, and learned about the two different zodiacs we can use as our backdrop. We've covered basic aspects, and how to calculate them, and looked at declinations, which turn out to be a very simple but powerful forecasting tool that come directly from nature itself. In the next chapter, we'll go more deeply into this subject, and look at how planetary aspects generate energy, and how a specific market taps into this energy to create trend reversals.

9. Intraday Astro Patterns

Now that we've seen the basics, it's time to take a look at how we can use this information to analyze markets. In this chapter, we'll look at using the astrologer's wheel to directly locate important support and resistance areas.

The idea is that various planetary configurations generate energy that can be used by the market. This energy is created when planets make aspects to each other, and studies on the Sun have actually demonstrated a correlation between heliocentric planetary aspects and changes in the Solar Wind. So aspects are not just pretty shapes in the sky – they mean something from the standpoint of astrophysics as well.

Yesterday, we had a situation where the Moon moved to oppose the Sun and Saturn, as you can see below:

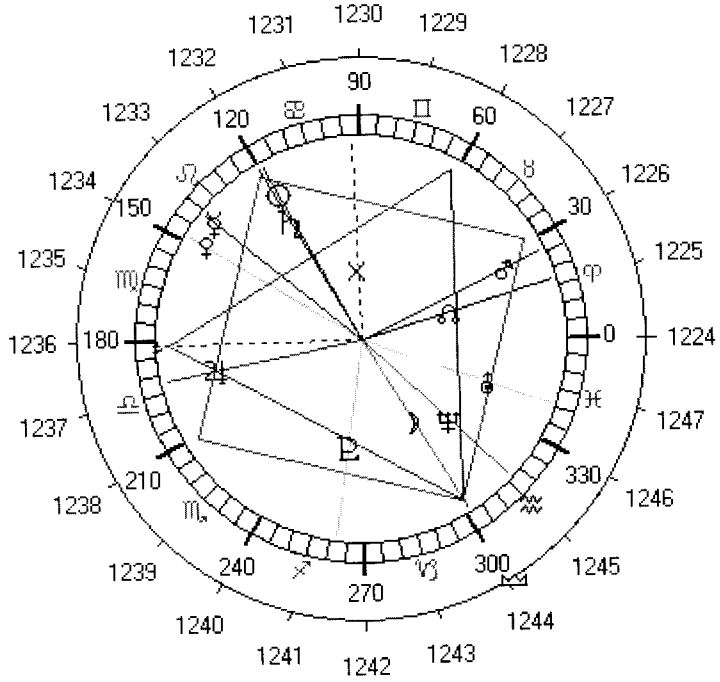


I've circled the planets in question, so you can see exactly what I'm talking about. Notice that they are on opposite sides of the wheel, and the two rays from the center seem to make a straight line. This is an opposition aspect, and means that these planets will be important for trading on this day.

Also note there are two dotted line planets on the wheel. These aren't actually planets, but represent the Midheaven and Ascendant. These are fast moving points that relate to a geographic location on Earth, in this case New York. The Midheaven can be thought of as the degree overhead at the time, and the Ascendant is the degree on the eastern horizon. They move about one degree every four minutes, so they cover quite a bit of ground during the day.

When day trading, what we'll do is look for a planetary aspect like Moon opposite Sun/Saturn, then will have to wait for one of the fast movers to trigger into this setup before we actually get our turn.

This happened at 9:05 Mountain Time (my time zone), and here's what it looked like:



I've added a square shape, and a triangle shape to the wheel. These represent the fourth and third harmonics of a circle, and correspond with squares, oppositions, conjunctions, and trines. Remember, all important aspects are based on the

division of a circle into equal parts, so these shapes are the graphical version of that idea.

On the chart above, the Ascendant is trine to the Moon. You can see it taking a position on one tip of the triangle when the Moon is at the other tip. This means that 9:05 is a key time to be watching the market, as our conjunction should be activated at that time.

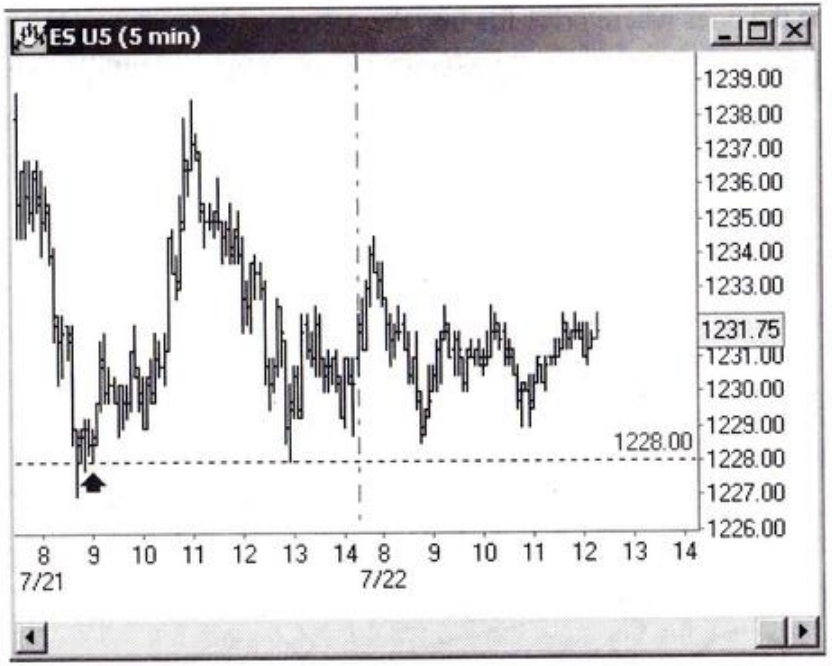
The next thing to notice about this wheel is the price ring around the edge of it. Traders like WD Gann first discovered that there was a way to convert planetary degrees to price, just as we've been converting price to time in earlier chapters. Like our work before, you need a conversion factor to transfer between the two units.

In the example above, I'm using 24 points of price = 360 degrees of planetary travel. So we can create a ring that runs around the edge of our wheel and shows us the corresponding price levels. If we are using 24 points per 360 degrees, then 90 degrees would represent a price of 6, and 180 degrees would represent a price of 12, etc. Once we get back around to 360, we can keep going, so one full circle is 24 points, and if we go around twice, we'd get to 48 points. So each time around the circle, we just add 24 points. This is how we get the numbers up to a range that is useful to us in our analysis.

So if you look at the wheel above, you'll see that zero degrees corresponds with a price of 1224. This is 51 times around the circle at 24 points/360 degrees, and we're now into the 52nd circle.

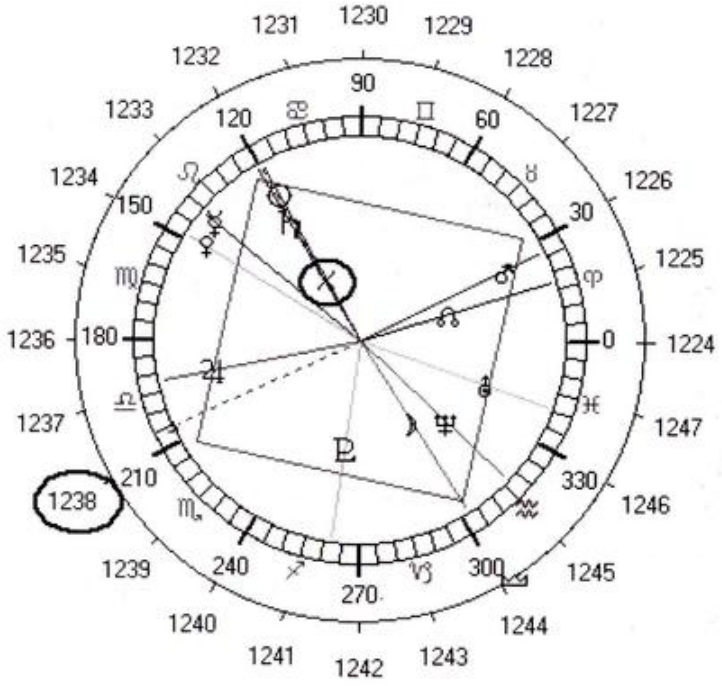
On our triangle shape, the Moon takes up one tip, the Ascendant takes up another, and the third is empty. If you look at the position of that third tip, you'll see that it matches up with a price of 1228 on the price wheel around our ephemeris.

Here's a chart of that day:



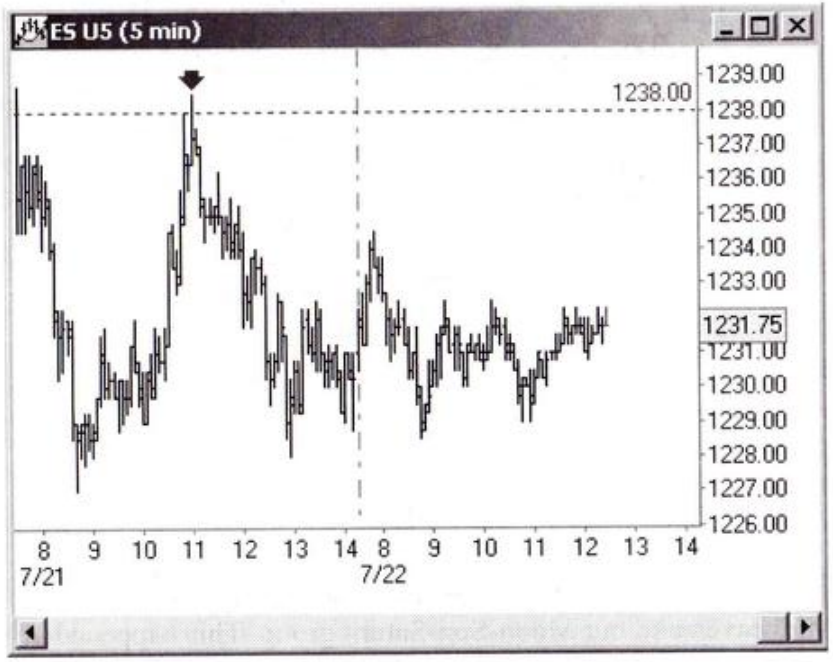
The arrow marks the location of the spot when our pattern clicked in. The dotted horizontal line is the price trine to the Moon. This was a very important spot to know about, as it marked the time when the trend changed from down to up, and we had a 10 point rally for the next three hours.

What we're doing here is using planetary aspects to generate energy, then using the fast moving triggers to locate the exact time this energy should enter the market, and lastly using the price level itself to link this energy to a specific market. Price is the key ingredient to making aspects work. This aspect is happening world-wide, so we can't expect every single market to make a low right here. The ones that vibrate to this aspect will be the ones where price fits into the pattern as if it were a planet. If price isn't part of the pattern, then the aspect has a pretty high chance of fizzling out.



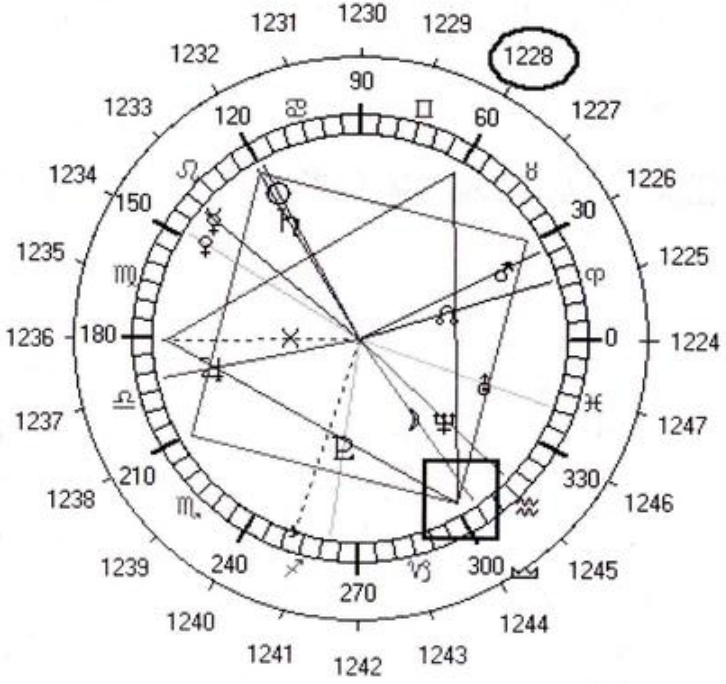
This wheel shows the situation a little later in the day, at 11:05 Mountain Time. The Midheaven, marked with an X (for "exchange") has joined the Sun and Saturn opposite the Moon. Look at the left edge of the square that connects them all, and you'll see that 1238 is the indicated price.

Let's see what happened at that time and price:



So our last pattern gave us the low, and this one is giving us the high. Note that if this high had occurred at a higher or lower price than where it did, we wouldn't have been interested in the trade as it wouldn't have jived with our pattern that we

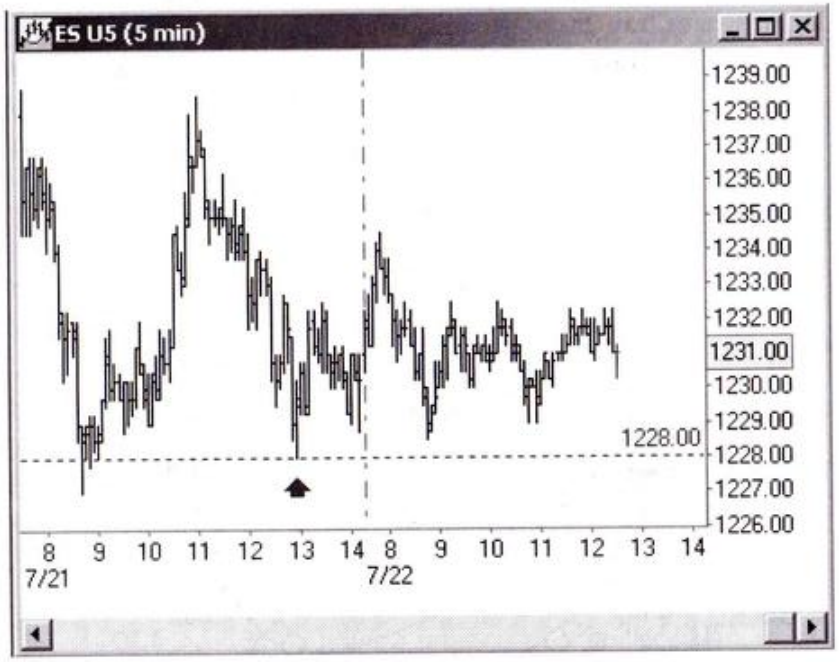
were working off of. But in this case time and price came together as expected, and we had a nice short trade.



Let's fast forward to the next aspect between the Midheaven and our Moon-Sun-Saturn group. This happened at 15:00. Note that at this time the Moon has moved forward off the line a bit, which is shown in the area blocked off by the heavy square. See how the line of the Moon is no longer perfectly on the tip of the triangle and corner of the square shapes? It's very close, which means the aspect still should be able to generate some power, but it's not the same as it had been in the morning when it was exact. The more exact an aspect is,

the cleaner the turn will be in the market. As you get away from exact, the aspect will rapidly loose energy and the turns will start to reflect this.

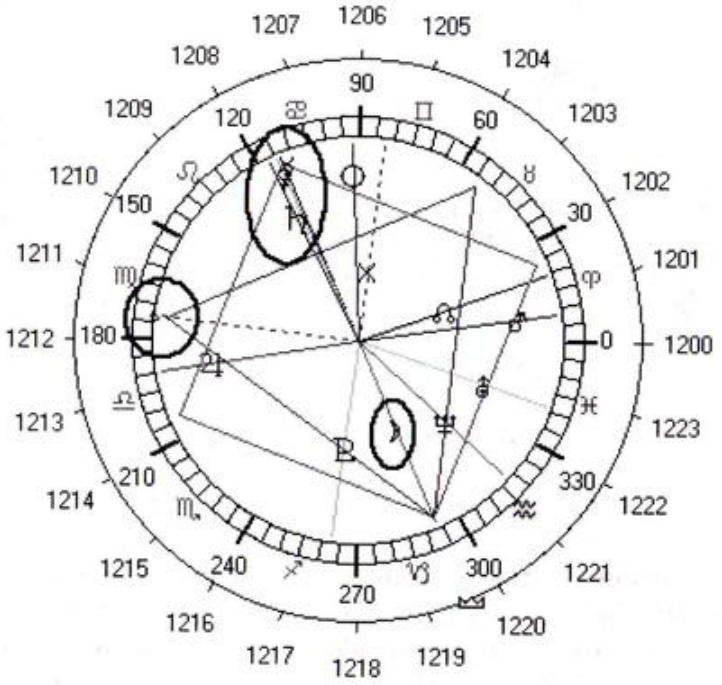
Our indicated prices are 1226 and 1228, using both the square and triangle shapes. Here's what happened:



So our timing was right on, and the price turned out to be set by the triangle pattern. This aspect did mark the termination of the decline from our last signal, but the subsequent rally was a little stunted, and the market mostly moved sideways into the close. Nonetheless, it shows that the aspect still worked, although to a lesser degree than the previous two instances.

As the Moon is a fast moving body, moving about 15 degrees per day, this aspect isn't going to be here tomorrow. This means that we constantly have to be on the lookout for new aspects as they form, and pay especially close attention to the times when these aspects are exact during the trading day.

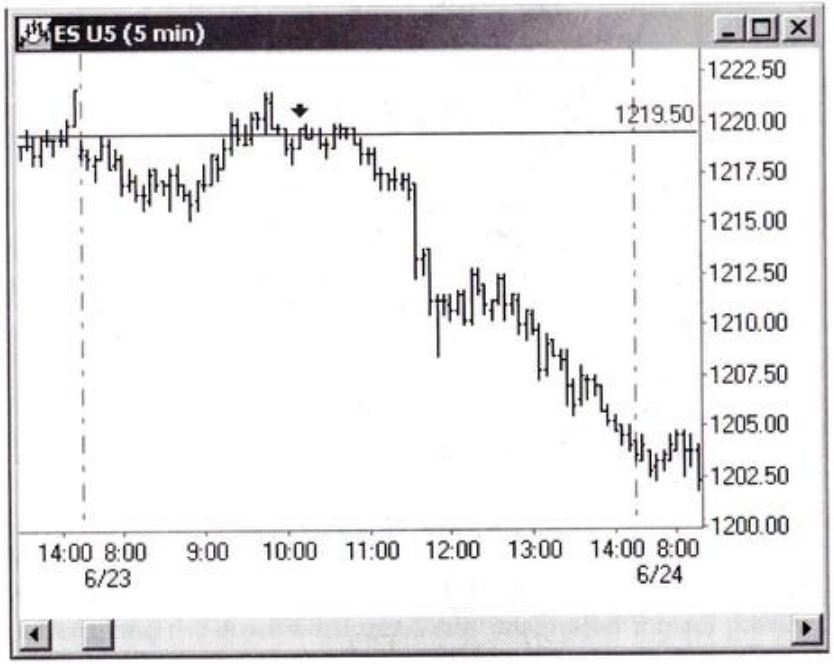
This next example is an instructive one, and demonstrates how these aspects can set price levels that the market will vibrate to.



On June 23, 2005, we had the following setup on the ephemeris. Mercury, Venus and Saturn made a tight grouping

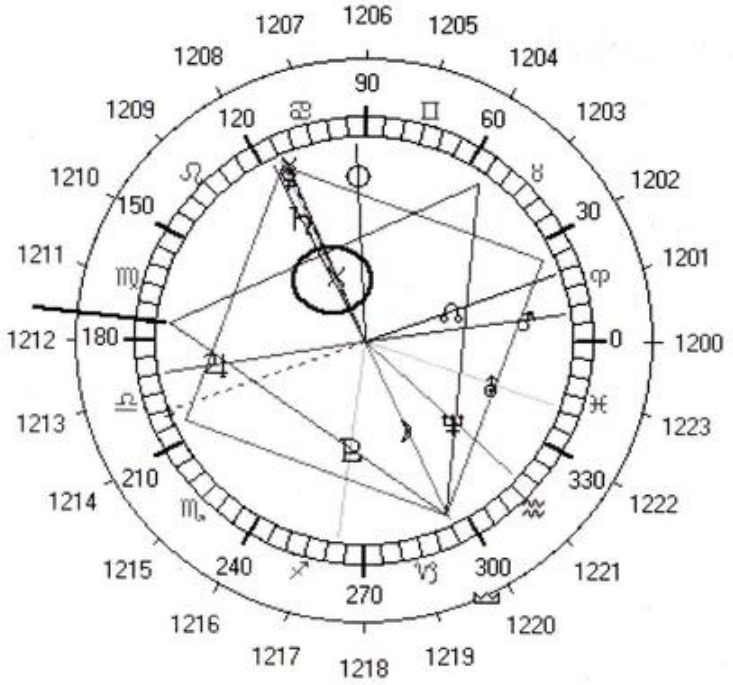
near 120 degrees, and the Moon had moved in to oppose them. The Moon is frequently involved in these kinds of patterns, as it is the fastest moving physical body and sets the tone for intraday trading. You can usually just focus on it, and watch for times when it makes aspects with other planets. In this case, since we have four bodies involved, we can expect a lot of energy.

At the time shown on the ephemeris, we have the Ascendant moving in to trine the Moon, giving us our time trigger. Our price level is 1219.50, the price set by the Moon itself.

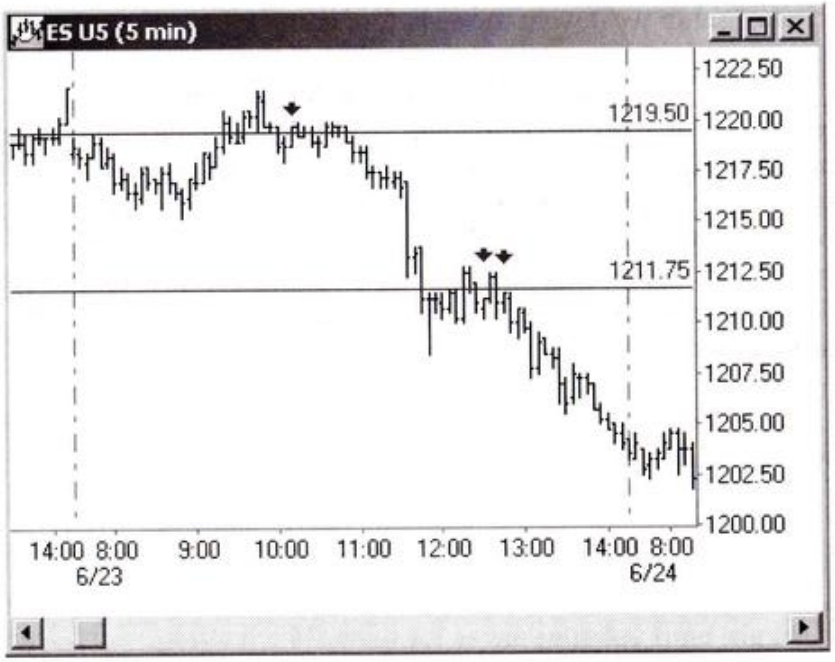


You can see where this area is on the chart. Note that it's a little late from the time of the actual high, and that the price is a little lower. The effect on the market only takes place as the aspect hits, and notice what happens as soon as the market moves into the time shown by the arrow. It is unable to rally above this price level, and makes a sharp drop after failing to cross over the key 1219.50 level.

Moving forward during the day, the next trigger to our pattern is shown below:



In this case, we have the Midheaven moving into the Mercury-Venus-Saturn cluster, and opposing the Moon. The Ascendant is about to square the Moon, and will do so in about 15 minutes, so we actually have a bit of a time window for this trigger. The price level in range is set by the trine to the Moon, at 1211.75.



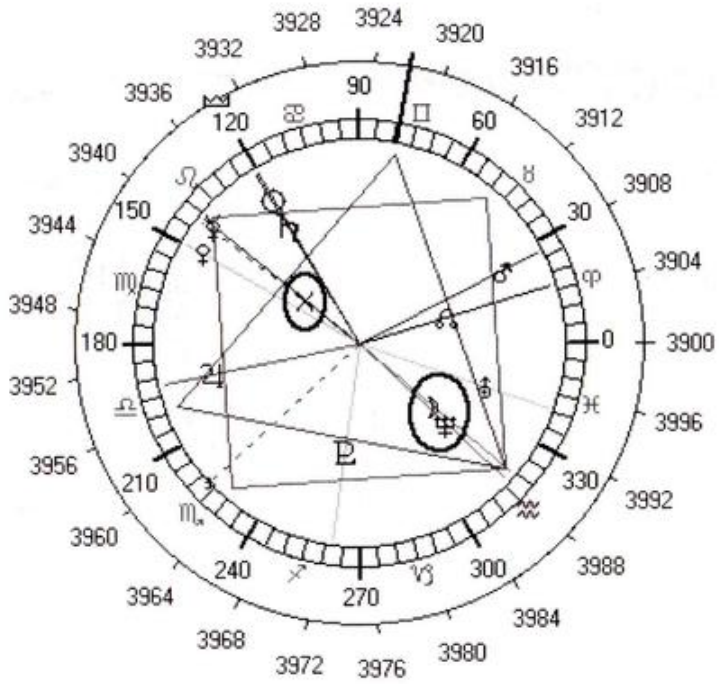
You can see that the behavior at this area is very similar to the behavior we saw at the high. The market was unable to make any significant gains above the price level set by our pattern, and the downward trend continued after a brief pause.

Had we been using this pattern without a price level, we likely would have been looking to buy the market in this zone. We had declined into our aspect, and had both the Ascendant and Midheaven involved in the pattern, which tells us it ought to have some kick. But only when we include price do we get the full picture. The market was underneath our price level rather than above it at the time of the aspect, which is definitely not the kind of setup we'd want to see before going long.

So definitely watch those price levels, and pay attention to how the market reacts to them. You might not have sold right at the aspect time, but as soon as you saw the market begin to move away from 1211.75 to the downside, you knew the force of this aspect was down. You also would have known exactly where to place your protective stop loss. The price levels set by these patterns should be very strong, so the market shouldn't be able to penetrate them by much.

Let's look at one more example, this time with a stock so we can see a different scale on the price wheel.

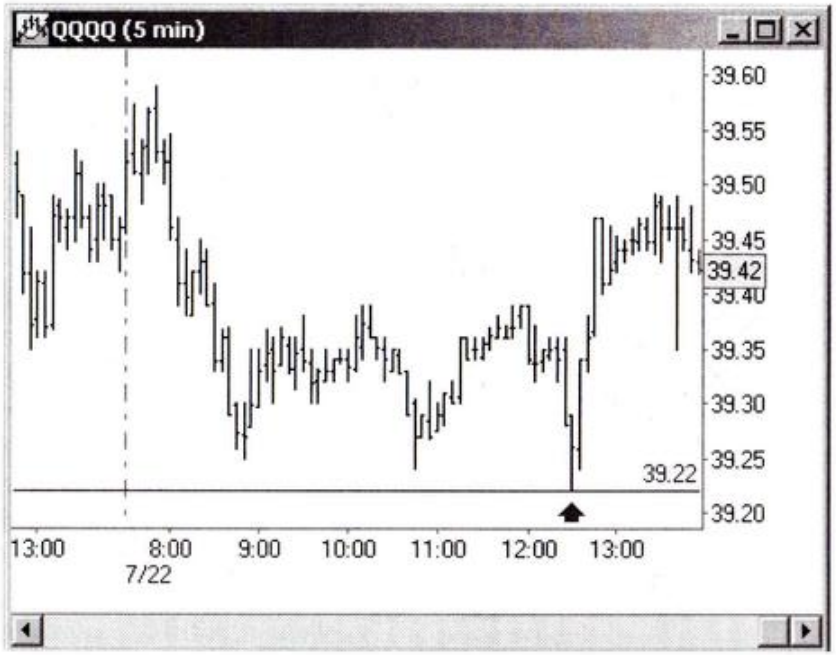
A-PDF MERGER DEMO



This example comes from the day I'm writing this (July 22, 2005). The Moon has moved into a conjunction with Neptune, and is opposing Mercury. The Midheaven has just moved in opposite the Moon to act as our intraday time trigger. The price wheel indicates a price of 39.22 as our vibration level.

In this example, I'm using 1.00 per 360 degrees. So each time around the wheel is a dollar. As we're looking at the QQQQ, we need to get into the $39 range before we get valid target levels. Prices are shown with no decimal places, so our price of 39.22 would actually be displayed on the wheel as 3922.

Here's the chart:



The price level was exact on this aspect, and the time was within 5 minutes of the actual low. The QQQQ's then rallied over 20 cents from this level.

One of the most important things to learn in this chapter is that we need both price and time together if our pattern is going to work. This is where a lot of astro traders fail – they focus only on the time portion of the forecast and ignore price altogether. But as we have already seen, time and price are different measurements for the same energy, so we need to see our pattern triggering in both axes for the signal to work.

Once you start looking more deeply into this kind of analysis, it becomes very interesting to see how the energy of the market can express itself in so many ways that we would initially think are not connected. It was a big surprise to me when I learned that price and time are one, and that I could convert between them. It was an even bigger surprise to realize that I could convert from degrees of the zodiac to price! Planetary patterns create distinct vibrations according to rules of geometry, and the markets are able to tune into this vibration and express it through price. Everything is related.

10. Progressions

The birth chart, or natal chart, is a fixed planetary wheel set for the instant a person was born. It never changes, and remains exactly the same as long as the person is alive. Markets also have birth charts, as do individual trends in the market. There is always a starting point to something, and if we can get the starting point down, there are ways to use that information to forecast the time in the future that specific events will occur.

One of the techniques that can be used when looking at a birth chart is called a progression. Progressions take the position of the planets at birth, and move them forward slowly by some fixed rate. There are many different ways to do this, some of which work very well. The method we'll look at in this chapter is based upon the concept of Solar Arcs from traditional astrology.

In Solar Arcs, you take a birth planet, then move it forward at a very slow rate and watch as it makes aspects with the positions on the original fixed birth chart. The rate at which you usually move the planet forward is one degree of solar movement for a year's worth of time. Think of it as a day for a year. However far the Sun moves on the 1st day of birth represents the amount of movement we'll add to the birth planet to cover the entire 1st year of life of the subject. The movement of the Sun on the 2nd day represents the progressed movement for the 2nd year of life. So when the Sun covers 30 degrees across the zodiac, that represents a span of 30 years of time when looking at the progressed planets.

This has the effect of really slowing the motion of the planets down, and gives us a chance to look at big picture events as opposed to little events as we would see with the current chart, when the planets move at their regular speeds. Note that all we need to know is what the positions of the planets were at birth, and how much to add to them at a given time of analysis. No current data is used besides that.

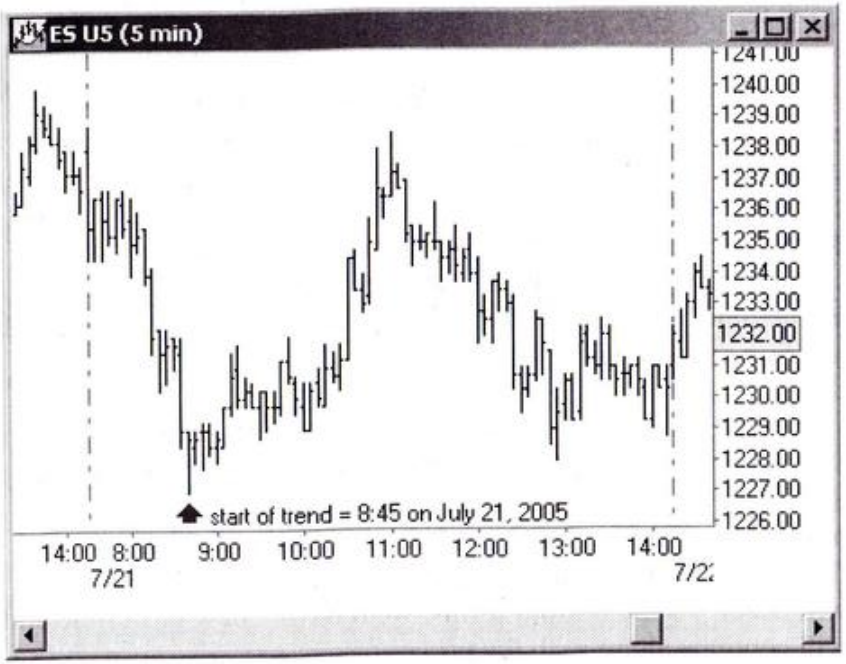
We can use a very similar technique on intraday charts, but rather than using the rate of motion of the Sun, we're going to use the Ascendant. The Ascendant is the zodiac degree of the eastern horizon at a given place on Earth, and moves about one degree every four minutes. Four degrees is the average, but it can actually vary by quite a bit more or less than that depending on the time of the day and the particular relationship of the Earth and Sun at the moment in question.

This technique requires a starting point on our chart. What we can use for this is the beginning point of a trend run. So if the market makes a top and heads down, we take the time of that top as our birth moment, then run the progressions out from there, looking for patterns to forecast where the bottom will occur. As the bottom forms, we'll have a new birth time and will continue along with the process.

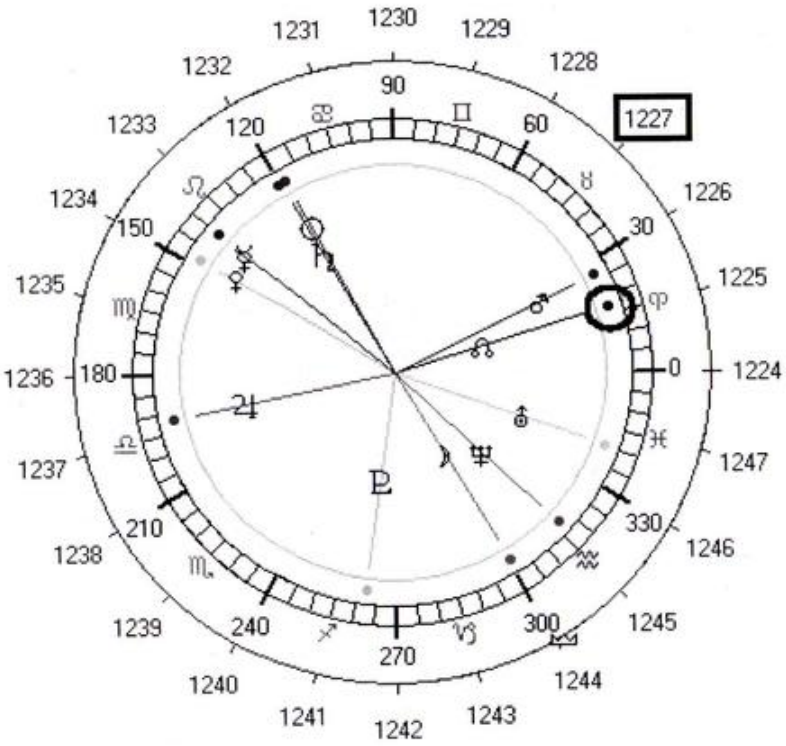
To progress the chart, we'll look at how many degrees the Ascendant has moved since our starting point. We'll then add this amount to every planet on the birth chart, creating a progressed wheel. The progressed wheel and the birth wheel are exactly the same, except the progressed wheel is turning in time and the birth wheel is fixed. As the progressed planets move, they'll come into contact with the birth planets, which aren't

moving. In one day, the progressed wheel will complete an entire circuit and come back to where it started, so this technique results in lots of hits – perfect for intraday trading.

Let's go back to our ES chart:

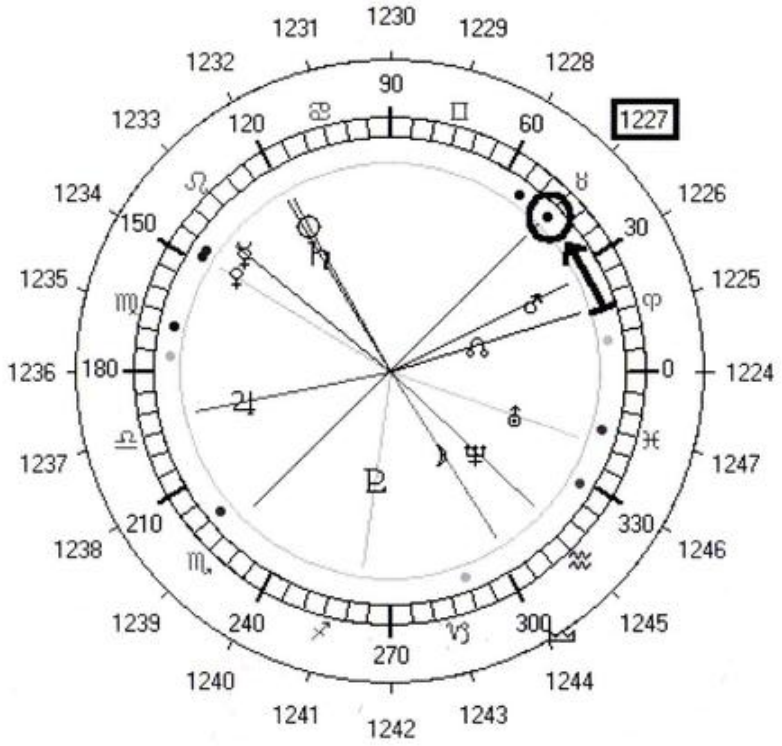


At 8:45 Mountain Time, the market made a significant low for the day, and began a rally up that lasted for three hours. The time of this low point is used as the "birthday" for our trend move up, and we can erect an ephemeris for this moment which looks as follows:



This wheel is the same as the ones we were using in the last chapter, except for the addition of a progression wheel, shown by the dots. As we are currently at the birth time, no progressions have been applied and the progressed planets are equal to the birth planets. I've circled the progressed North Node on the chart, so you can see where it is. Also note the price of the low, which was 1227. That number has been boxed in on the price wheel.

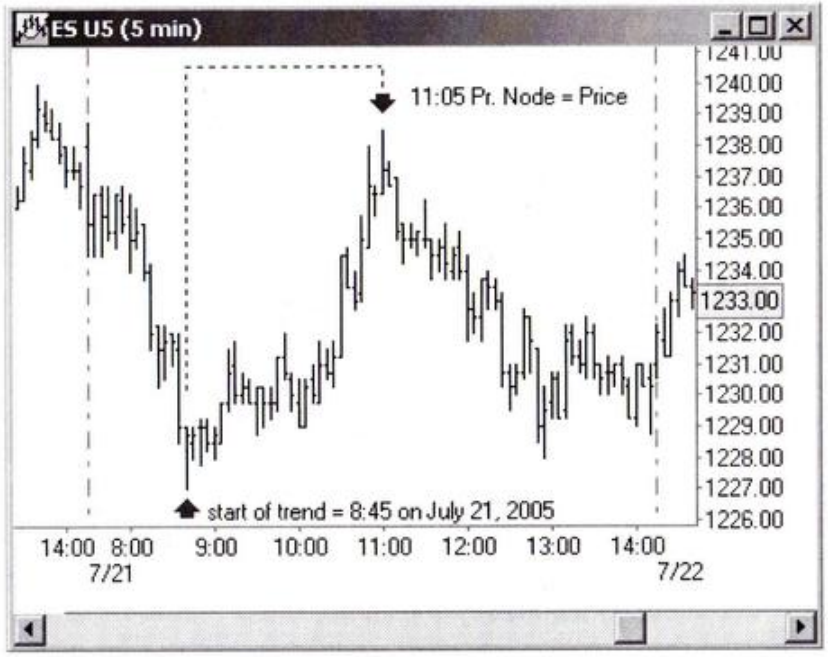
So now what we do is step the ephemeris forward, moving the progressed planets forward at the same rate as the Ascendant. I'm going to use the Ascendant in New York, although Chicago could also be used with similar, but not identical, results.



At 11:05, the progressed Node has come into contact with the location of our original price. I've added a line on the ephemeris to mark this location and make it easier to see the key area. You can see that the progressed planets have all moved off

of their original spots. Their relationship and positioning are the same as they were before, except the entire background on which they were drawn was rotated at the speed of the Ascendant.

You can see what happened on the chart when the progressed Node became conjunct to the price of the low:

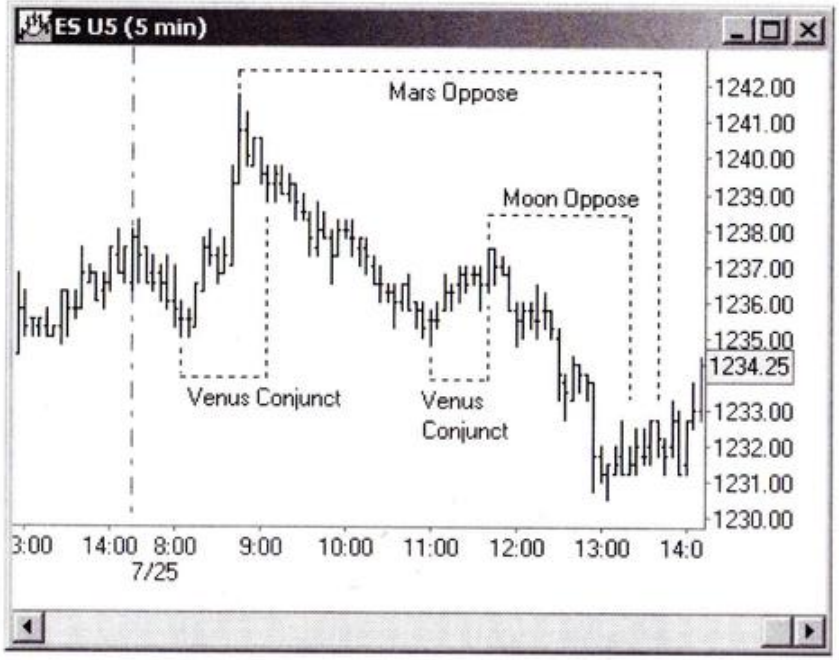


This moment marked the high of the swing, to the bar, and we started our drop into the close.

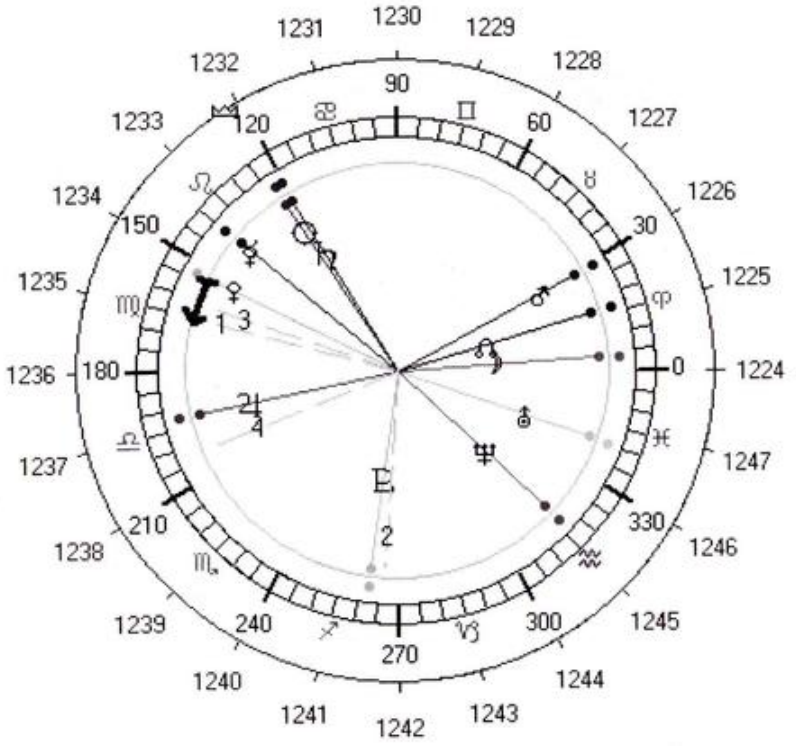
The link from the planets to the market is always the price, so an aspect between a progressed planet and the initial price has marked the time of the top. Note that with these rapid

progressions, the only important aspects are conjunctions and oppositions. We would have too many aspects to deal with otherwise, so we only focus on the most important and obvious ones.

Here's a chart of today's action in the ES, along with the progressions that described the price action:



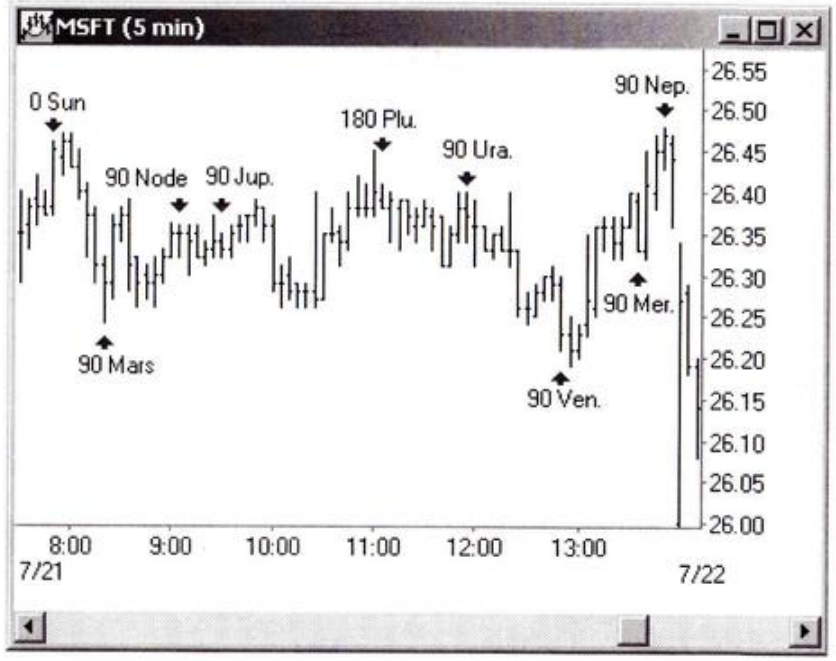
There were four progressions on this chart. Venus conjunctions caught the highs, and Mars and the Moon combined for the low of the day in the afternoon. We've already seen an opposition, so let's take a look at the first conjunction of the day, where Venus timed the high.



The four price levels corresponding to the four progressions are marked on this chart with dashed rays labeled 1 through 4. Ray 1 represents the price of the low at 8:00. The progression from Venus to this point is shown by the heavy arrow in the upper left of the wheel.

There are other starting points besides the beginning of swing moves that we can use to create our initial chart. One of the most obvious ones from the point of view of day trading is to use the open of the market.

Here's an example using Microsoft:

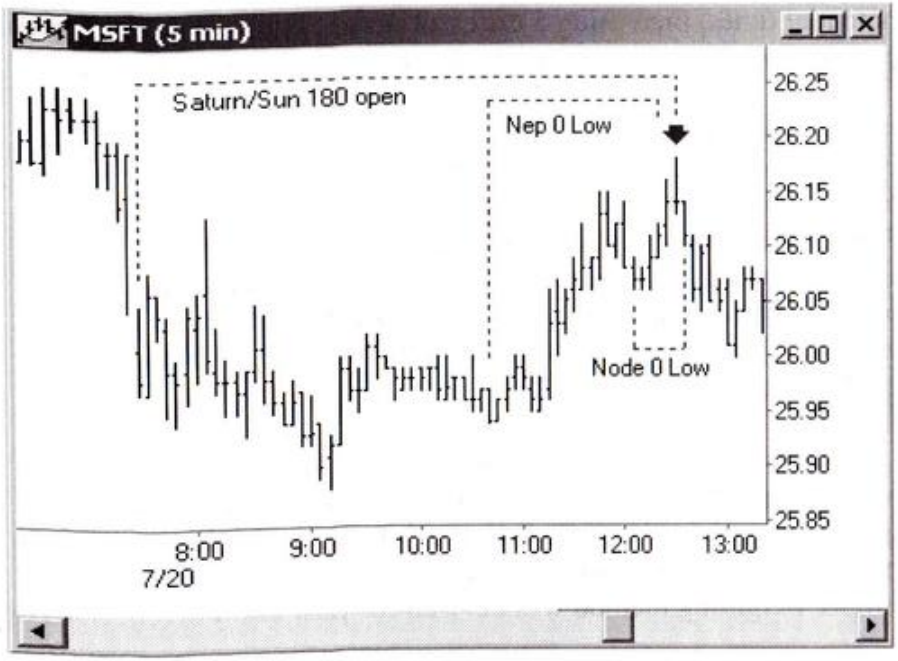


The initial price used was the price at market open, which was then converted to degrees by using $1 per 360 degrees. The progressions were started at the opening bell as well, and the whole thing was just run out all the way to the close. The 4th harmonic aspects (conjunctions, squares, oppositions) are shown on the chart above. There are 9 of them, but it's still not so many that it becomes unmanageable.

You can see that all the important turns during the day were caught with this technique except for the reaction low around 10:00. Note especially the five big trades for the day

starting with the Sun in the morning, Mars around 8:00, Pluto at 11:00, Venus at 13:00, and Neptune at the close. Two of them were exactly on the extreme bar of the related move, and three were within one bar. That's very good accuracy, especially since all we're using to go off of here is the opening price.

What this leads us to is the possibility of combining progressions from different starting points to come up with a composite forecast. So we can run times out from the opening price, and then cross reference with times from the beginning of the particular swing we are on. When we see two aspects lining up at the same time, the chances are that we're probably at an important turning point and need to pay close attention as a trade might be at hand.



In this chart, we have a situation where multiple progressions all landed in the same area. Our first progression is from the opening price, and represents progressed Saturn and Sun moving into a conjunction with the opening price. Our next progression is Neptune from the low at 10:30. The third is the Node from the low at 12:00, just before our high.

All three progressions hit within a three bar range of time, giving us a tight cluster of signals to work with. This ended up marking the high for the day with a decline into the close.

You have to be careful when using multiple progressions so that you don't get overwhelmed by the sheer number of aspects present. If each progression results in 4-5 different potential times, then using 5 different progressions will give you potentially 25 hits to work with, which can be very confusing.

The solution to that problem is to limit yourself to progressions from major swing points only, and to keep more emphasis on the newer progressions and less on the older. Progressions from days other than the current day should be ignored unless you believe the swing point you are using is incredibly important. Then just make a spreadsheet and keep track of all progressions during the day, looking for zones of confluence between them.

Personally, I think the most important point is the one representing the beginning of the current trend and tend to ignore progressions besides that one, but the multiple progression approach does have quite a bit of merit to it. If a proper weighting method was devised for past and current swing

points, and all the progressions for the last few days could be tracked, I believe a killer turning point forecasting model could be created. I haven't tried doing that yet myself, and leave it to the reader to complete that piece of the research puzzle.

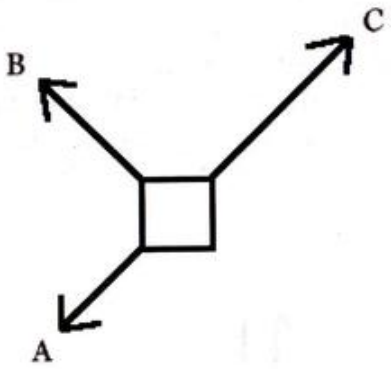
11. The RD

If you think about how our Solar System is set up, you'll realize that we are part of a giant clock, where each hand is pulling on all other hands. The Sun is by far the largest body in the system, and all of the planets orbit around it, trapped by it's gravitational field. But at the same time, the planets pull on each other, just as the Sun pulls on them. The tides here on Earth are due to the interaction between the Sun and the Moon, and both bodies need to be taken into consideration before accurate tide tables can be constructed.

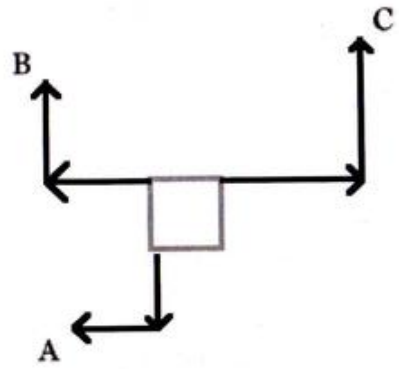
Imagine yourself holding two ropes, one in each hand. At the end of each rope is another person, pulling you towards them. If your hands are out to the sides, you'll be pulled in the direction of the stronger person. We all know that is obvious. But if both people are standing at 45 degree angles off your center, one to the right and the other to the left, then which way will you be pulled? The answer is that if the two people are equally strong, you'll be pulled directly forward. If one is stronger than the other, you'll be pulled forward, but more towards the side of the strong person.

There is a way to determine all of this mathematically, by using vectors of force. You plot out all of the forces on a particular object, then break those forces down into their component parts, add the components up, then recombine to get a new vector that shows you the net result of all minor forces.

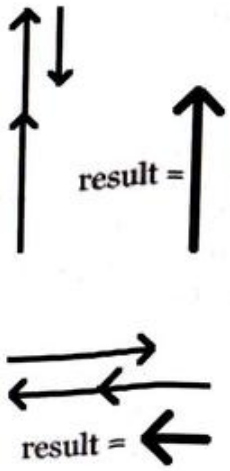
Let's take a look at a basic example, because it's important to get the idea of what we're talking about here.



In this example, there are three forces acting upon the square. Each one is pulling it's own direction, and they are marked A, B, and C. What we want to know is what will happen to our square when all of these forces are applied at the same moment in time. We can figure this out by reducing the forces to their component parts, which tell us how much each force is pulling horizontally and vertically.



This diagram is the same, except the forces are drawn slightly differently. They are made up of horizontal forces and vertical forces, rather than diagonal ones. They add up to the same amount in the end, but by looking at them in this way we are able to split the pieces up to get the net result. We can add up all the vertical forces separately, and then do the same for the horizontal forces.



So in the diagram above, I've arranged the vertical forces at the top. We have two forces pushing up, so stack those end to end. Then there's one force pushing down. That goes opposite the other two, so draw it from the top pointing the opposite way from the others. The net result is that all three of these forces combine to form a single force moving upwards. So up by three inches, then down by one results in a net upward gain of two inches. The thick arrow on the right shows this net vertical

movement. Then we repeat the process with the horizontal forces, to get a net force that moves to the left.

Now, we recombine these two forces and have our answer as to what will happen to our square:

The result is that our square will be pulled upwards and to the left. We can even say that the upward force is stronger, so we'll be moving in that direction more than we would to the side.

If you remember Physics 101, this is all old hat, but it's good to review. The reason that this is important to us is that each planet in the Solar System exerts a pull on the Earth, in the same way those three forces exerted a pull on the square. Some planets pull harder, like the Sun, and some have a miniscule pull, like Pluto. But all of them pull to some extent, and add up to give us a net result in a single direction.

We can measure the force that an individual planet exerts on us using Newton's Fundamental Law, which states that every particle in the Universe attracts every other particle with a force directly proportional to the amount of matter in each. So, if m1 and m2 represent the masses of two objects, and r represents the distance between them, then the force between them can be

expressed as (G x m1 x m2) / r^2 , where G is a universal constant.

The Tide Generating Force is similar to the Gravitational Force above, with the difference that the force is proportional to the cube and not the square, so for tidal forces we can use the same equation, except we'll cube the distance rather than square it.

What this equation does is provide us with a way to measure the tidal force of every body in the solar system. As we know where these bodies are located in relation to Earth, and we know their masses, we can go through a similar exercise to our example with the square, and can calculate the net tidal effect on Earth. In other words, we can compute the direction that all planets combined are pulling us, and this is referred to as the RD, or "Resultant Direction".

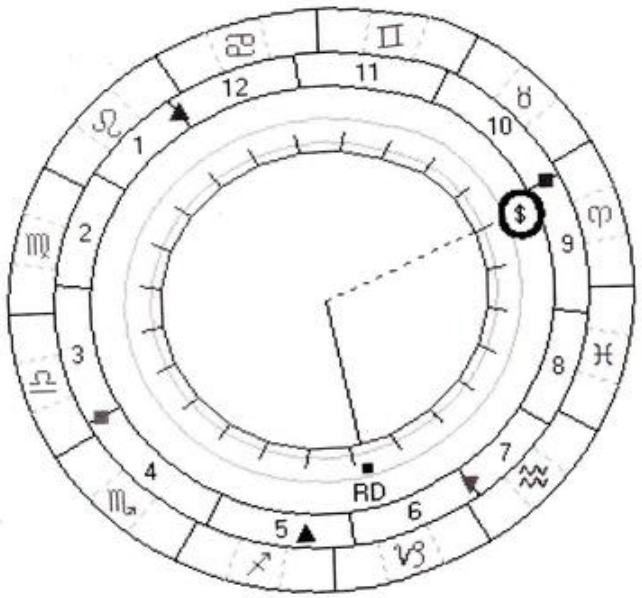
When I first came up with this idea, I called the net force "G" for Gravity, but later discovered that the same calculation had been discussed by Satyanarayana Rao in 1954 where he used it to forecast winners in horse races. Since he had the seniority, I decided to go with his name instead and that's where "RD" comes from.

The RD is a very interesting calculation, as the location acts just as a planet would, but points off to empty space. You would never realize where this point was by simple observation, and the ancients wouldn't have been able to calculate it without help from Newton and Kepler, so it can be considered a very modern addition to astrology.

The Moon and Sun are the two major components in the formula, and govern the location of the RD. The other planets can have an effect on the decimals, but are very minor influences when calculated. Nonetheless, since it's a computer calculating the RD and not me, I run the calculation out through Saturn so it's as accurate as possible.

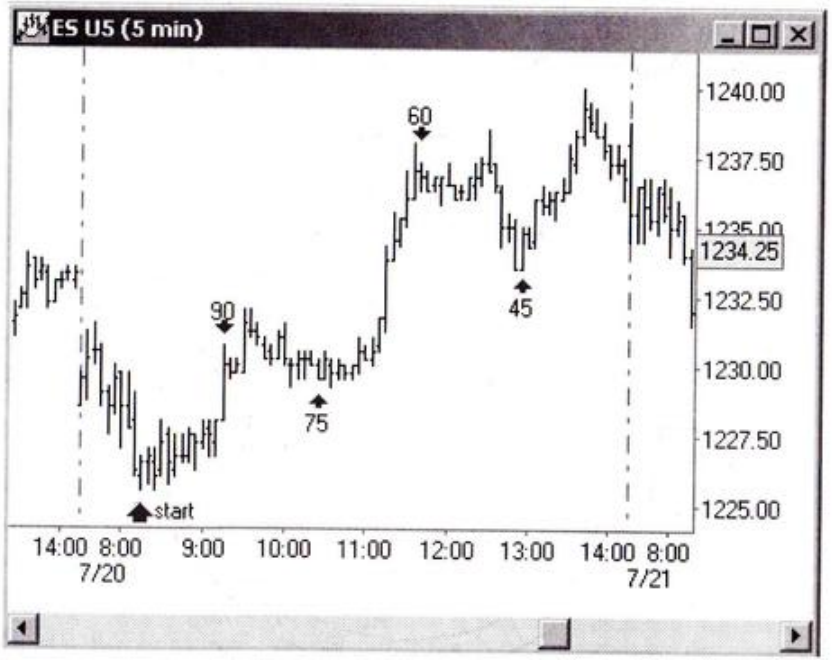
Let's take a look at using the RD in conjunction with the techniques discussed last chapter. Aspects don't tend to work as well with the RD, as all the planets have already been taken into consideration when calculating it. Because of this, the primary thing we'll look at is the relationship between the RD and price.

On July 20, 2005, the ES made an important intraday low at 8:20 Mountain Time. The price was 1225.50.



This is shown on the ephemeris wheel above, where only the RD and price are visible. Again, the location of price was found using the same scale of 24 points per 360 degrees as we've been using. The RD at the time was at 285.8 degrees, in Capricorn. The wheel looks a little different than the ones before, as it was created using a different program.

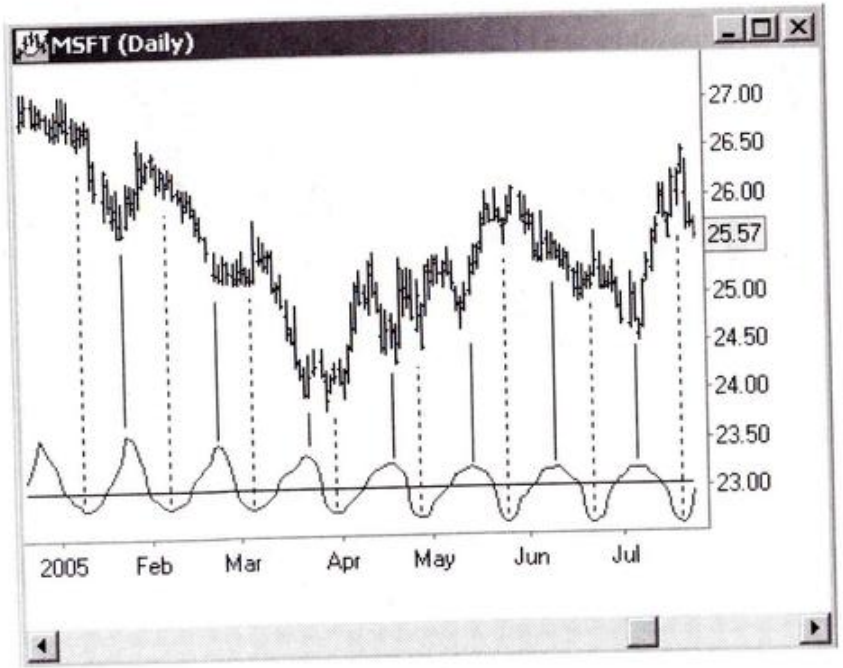
Next, I've drawn in aspects of 15 degrees from Price, all around the entire chart. That's what the inner circle with all those little tick marks out represents. As the progressed RD moves forward in time, it will trigger turning points in the market as it makes 15 degree aspects to price.



So on the chart above, the ephemeris represents the time at the bottom, marked "start". Then we run through and hit our 15 degree aspects. You can see where each aspect came in.

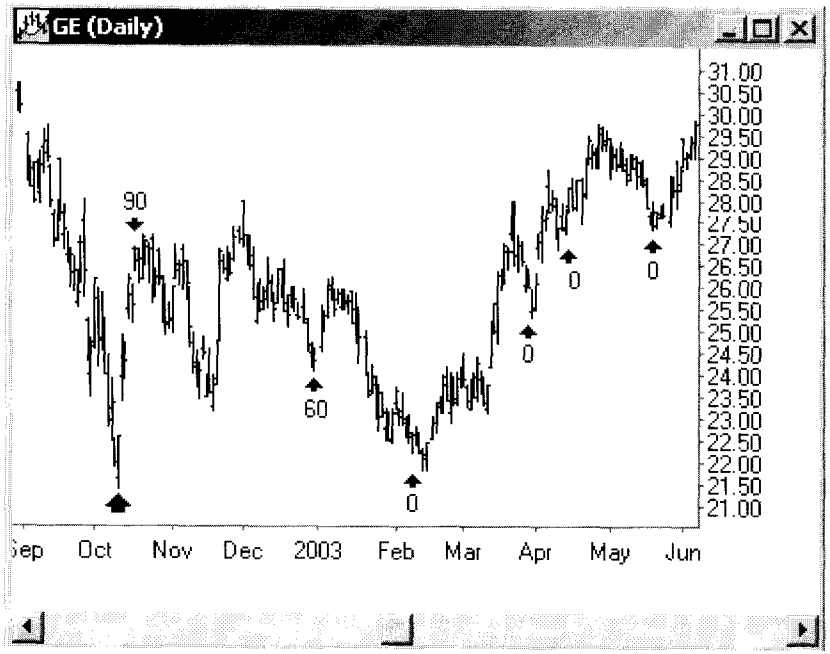
One thing to note here is that I'm using a sidereal positions when doing this, which is the eastern zodiac. The aspects will be different if you try this on a tropical zodiac. The RD works best with a sidereal zodiac, and it's important to keep track of that when using this calculation.

We looked at Mercury's declination in an earlier chapter. The RD also has a declination, built up using all the other planets in the system and weighted by their tidal force vectors. Here's a plot of the RD declination on daily MSFT:



The curved line at the bottom is the RD declination. I've drawn solid lines up from the peaks of the curve, and dotted lines up from the troughs. You can see how MSFT frequently responded to these points. Although not perfect, the cycle was clear enough that you could almost have sold the dotted lines and bought the solid ones.

We can also calculate an RD using heliocentric planets. In this case, it represents the net force the planets exert on the Sun. Planetary positions have been shown to have an impact on the solar wind, so it makes sense to track changes in the direction of this heliocentric pull.



This chart shows the impact of the heliocentric RD on prices of GE. The price at the low in October was plotted on our ephemeris as the starting point, and aspects to it have been noted on the chart as they formed. Again, this is using the sidereal zodiac.

The heliocentric RD can go backwards as well as forwards – the only planet on the heliocentric wheel capable of that behavior. That's why you see four conjunctions in a row starting with the one in Feb 2003. What happened there is that the RD moved forwards and backwards across the price point multiple times in a row. Notice also that all conjunctions marked lows in the market, which is interesting.

So in this chapter, we discussed a way of using all the planets together in a single calculation. I've seen planetary averages used in a similar way, but I've never seen them work as accurately as the RD. The difference is that the RD represents a specific, physical, measurable force. It's an actual thing, just as real as the tides, and can be very potent when used in market forecasting.

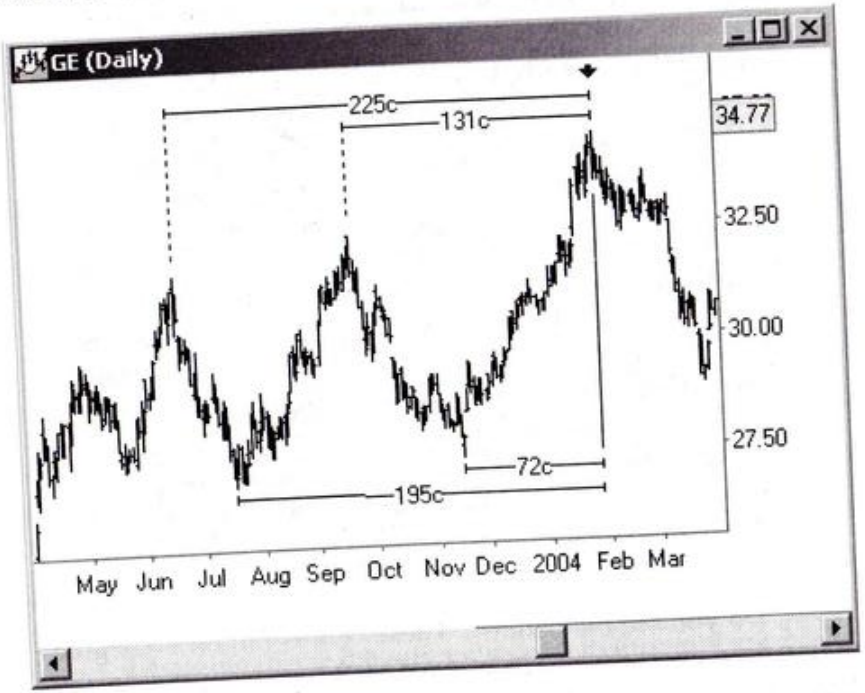
12. Numbered Squares

Numbered squares refer to a arrangement of numbers into a specific geometric shape. These tools have their roots in ancient times, and were first applied to market forecasting by WD Gann back in the early 1900's. The most famous numbered square is Gann's Square of Nine, which looks like this:

101	100	99	98	97	96	95	94	93	92	91
102	65	64	63	62	61	60	59	58	57	90
103	66	37	36	35	34	33	32	31	56	89
104	67	38	17	16	15	14	13	30	55	88
105	68	39	18	5	4	3	12	29	54	87
106	69	40	19	6	1	2	11	28	53	86
107	70	41	20	7	8	9	10	27	52	85
108	71	42	21	22	23	24	25	26	51	84
109	72	43	44	45	46	47	48	49	50	83
110	73	74	75	76	77	78	79	80	81	82
111	112	113	114	115	116	117	118	119	120	121

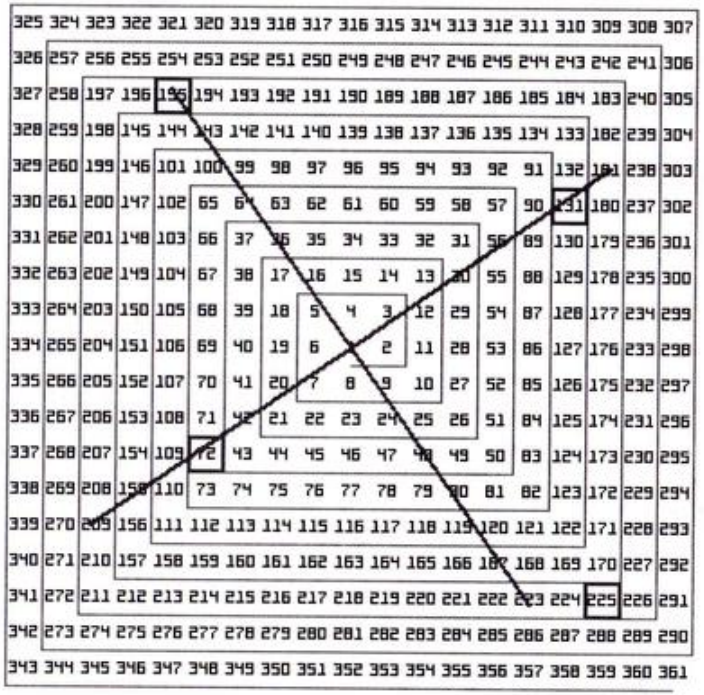
To construct the Square of Nine, we start off with a 1 in the center, then just spiral outwards one number at a time. This number spiral has many interesting properties, and can be used as a square root calculator. If you draw a line from the center going down to the lower right at a 45 degree angle, you'll hit the following numbers: 1, 9, 25, 49, etc. These are all squares of odd numbers. So 1 squared is 1, 3 squared is 9, 5 squared is 25, etc. Start at 2, and move up to the left diagonally and you get the even squares: 4, 16, 36, etc. There are actually tons of relationships like that contained in the square, all based on squares and square roots.

We can apply the square to markets in a number of different ways. One of the most basic is to relate different time counts to each other. Take a look at the following chart:



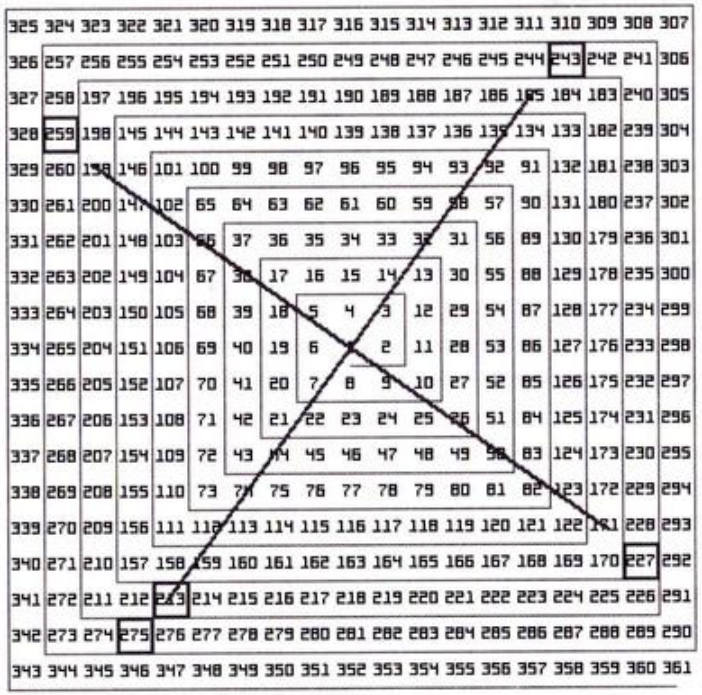
This is a daily chart of GE, showing an important top in 2004. There are four counts backwards from this top to other important swing points that happened before. The "c" on the count means that we're counting in calendar days, which include weekends.

Let's take these numbers and plot them out on the Square of Nine.



Do you see the pattern? These counts fall on 90 degree angles from each other. 225 was off by 2 bars from the theoretically correct 223, but everything else was perfect. If we had been studying this chart as the market built up to the top, we would have been able to find this pattern and could have used it to forecast the date of the actual turn.

We can also use the square on price. For example, on March 22, 2004, MSFT made an important low at 21.32. We take the first three digits of that number, 213, and place it on the square. Then, we move around in 90 degree increments, and write down the other numbers that we hit. Here's the chart:

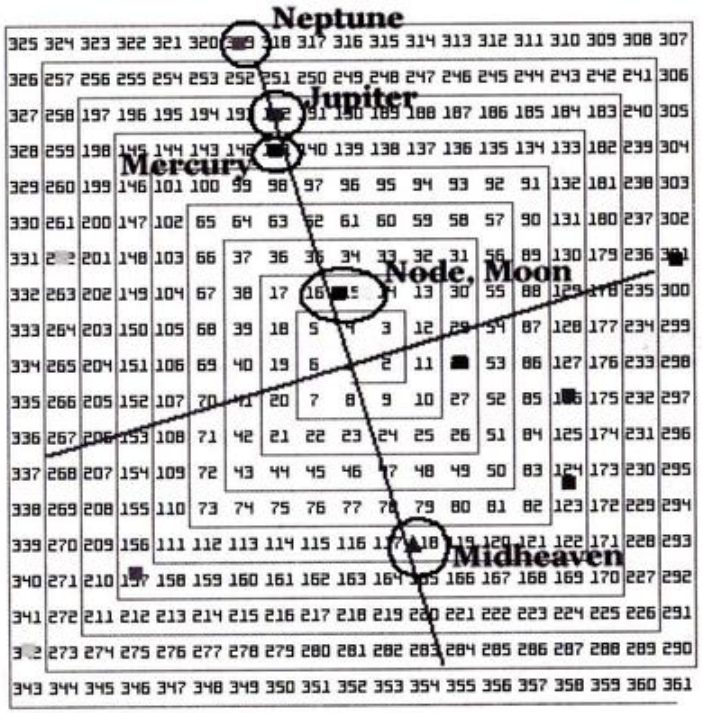


The price levels that are generated in this way are 22.7 at 90 degrees, 24.3 at 180 degrees, 25.9 at 270 degrees, and 27.5 at 360 degrees. Let's plot these on the chart and take a look at where they fell.

You can see that the market respected these levels on the way up from the low. The market finally stopped it's rally on the 360 degree line at 27.5, then fell back to the 180 level at 24.3.

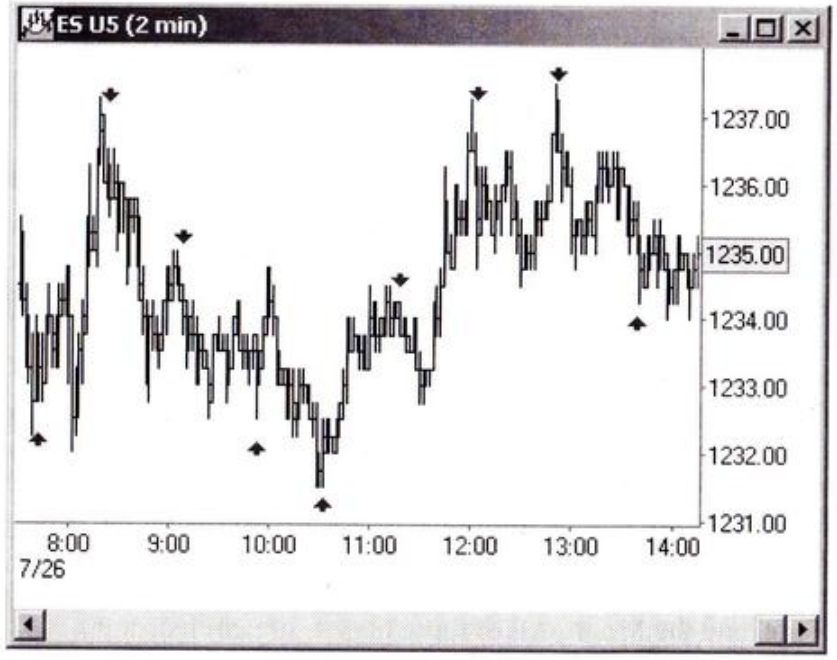
These two methods are about as far as we'll ever get in the Gann manuals available, but through our work in previous chapters, we know that we can convert between price, time, and planetary degree, which is where this gets interesting. What we can do is treat the Square of Nine as a planetary calculator, and place the positions of the planets directly on our square to get us a new kind of ephemeris.

Here's what that would look like when done for July 26, 2005:



Each square on the chart represents the degree location of a particular planet. So if Mercury is at 141 degrees on that day, it's square will be drawn over the number 141 on the chart. The special thing happening on this day is we have a massive conjunction between Neptune, Jupiter, Mercury, the North Node, and the Moon. All of these planets are circled, and labeled on the chart. You can see that they are all on a single line out from the center of the square. It's not a real conjunction in the sky, and only shows up when we plot the planets on the Square of Nine.

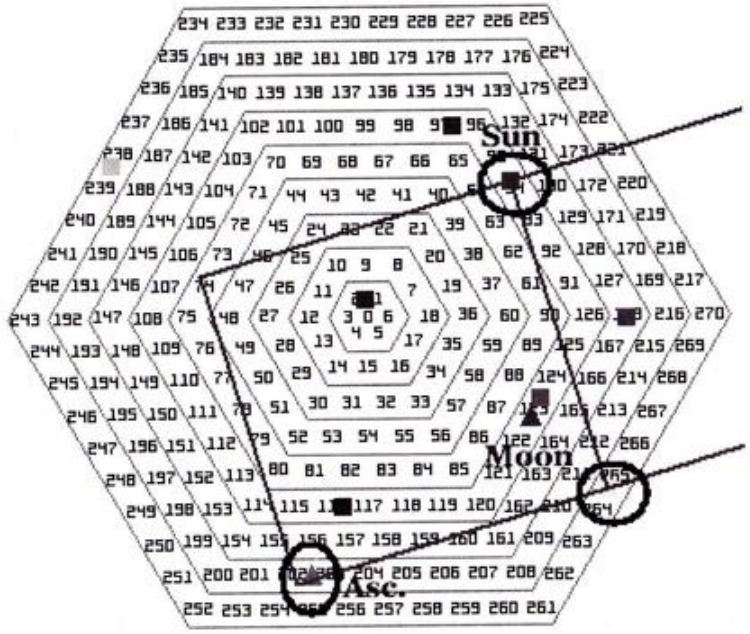
What this means is that this line will be hot for that day, and can be used as a timing tool for the market. Our trigger will be the Midheaven as it crosses this timing line, and the line 90 degrees to it. The Midheaven moves forward one degree every four minutes, so we'll have multiple crossings in one day. On the chart above, we have the Midheaven 180 degrees to our cluster, which marked the low of the day in question. Here are all Midheaven triggers that occurred on this day:



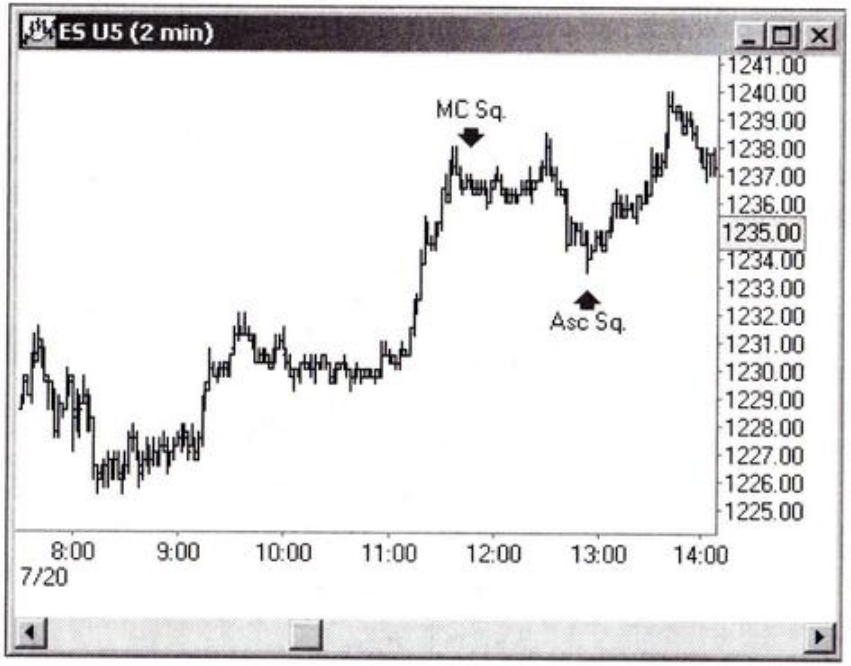
There were nine aspects in total, and each has been marked with an arrow. Four of the signals were significant, marking the low of the day and the three highest tops of the day. Four of the signals were minor, marking small tops and bottoms

good for about a point or so, and only the one at the end of the day really fizzled.

Once we know that the planets can create patterns like this, it's not too big of a jump before we start looking at the following kinds of relationships:



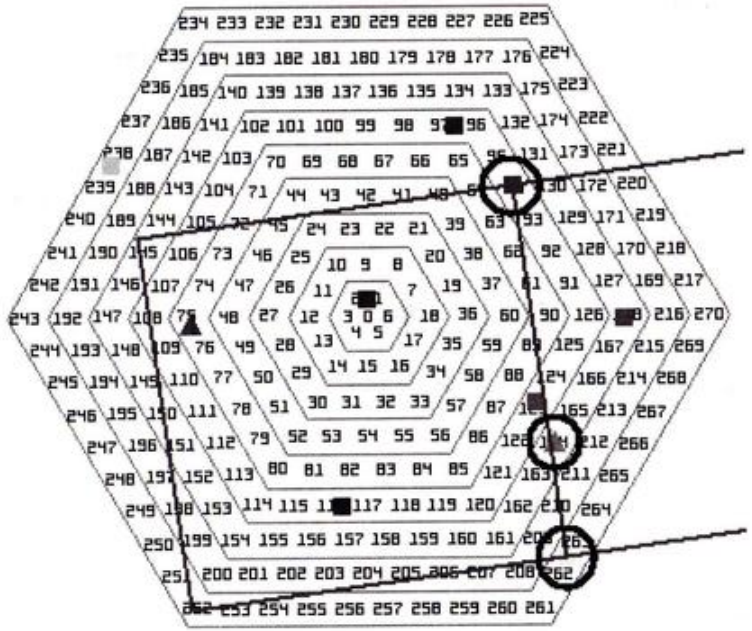
This is a hexagon chart, another of the numbered squares that Gann wrote about. At this point in time, we see that the Sun, Moon, and Ascendant have formed a geometric square pattern on our chart. These kinds of situations are always possibilities for turning points, and this one was a really clean bottom in the mini S&P.



The pattern we just saw occurred at the bottom at 13:00. There was another square with the Midheaven (MC), which is also shown on the chart.

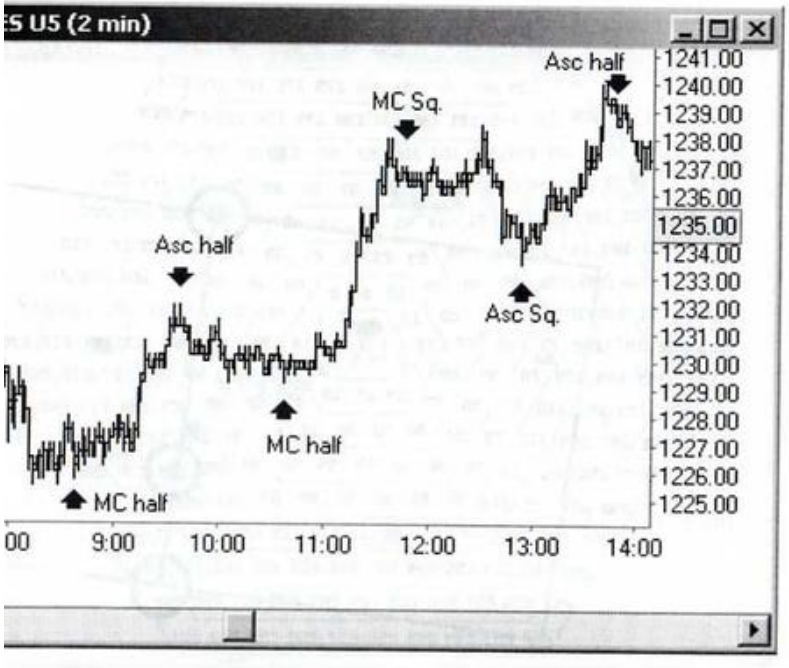
This shape holds more information about turning points in the market if we look a little closer. We can use the line that connects the Sun and the Moon as a trigger zone, and watch as the fast movers cross over it during the day.

Here's an example:



In this case, the Ascendant has moved to touch the line between the Sun and the Moon, at degree 164. This occurs much more frequently than touching the edges of the square, but the signals are still just as powerful.

Here's the chart again, with the addition of all the halfway touches generated by the Ascendant and Midheaven during the day:



Not too shabby! Aside from the top early on in the day, two patterns caught everything. One interesting thing is ıe Ascendant and Midheaven seem to have opposite ties, as to the edges and the halfway line. So both MC ay signals were lows, while both Ascendant halfway ls were highs.

You will see certain portions of a pattern get biased to ıside or downside like this, so it helps if you pay attention ıctly what trigger lead to what result. There was an MC ay point that isn't on the chart because it's an overlap, but it ıed right at the 13:00 low where the Ascendant came to

the edge of the square. Given our knowledge of what had happened previously during the day with MC halfway signals, it wouldn't have been difficult to forecast that point as a low running into the next Ascendant-halfway trigger at the end of the day.

So we've looked at the Square of Nine and Hexagon charts so far, which are the two main ones as used by students of Gann. A key thing to remember about Gann is that he never put out in the open what he was actually using. So if he was using a particular numbered square in his trading, he would show a similar but different square, and expect the student to do the work to find the true square which was actually being used. This has the result of filtering out all the casual readers, and speaking only to those who would put forth some effort to find the truth.

For this reason, it's really funny to see all the modern Gann traders so stuck on these two charts. There is nothing special saying that the Hexagon chart is really the one and only numbered square we can use. In fact, I've found that each market runs on it's own square, according to it's own vibration.

For example, the Pentagon chart works very well on an intraday ES chart:

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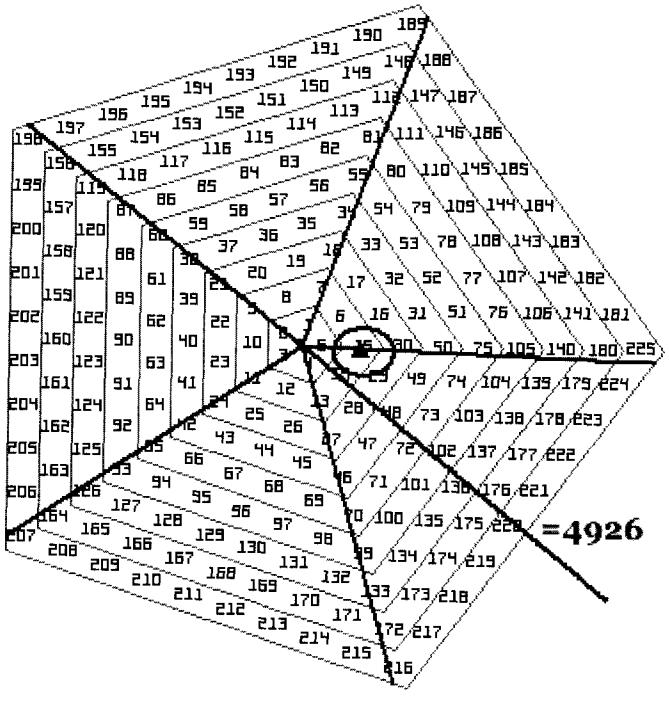
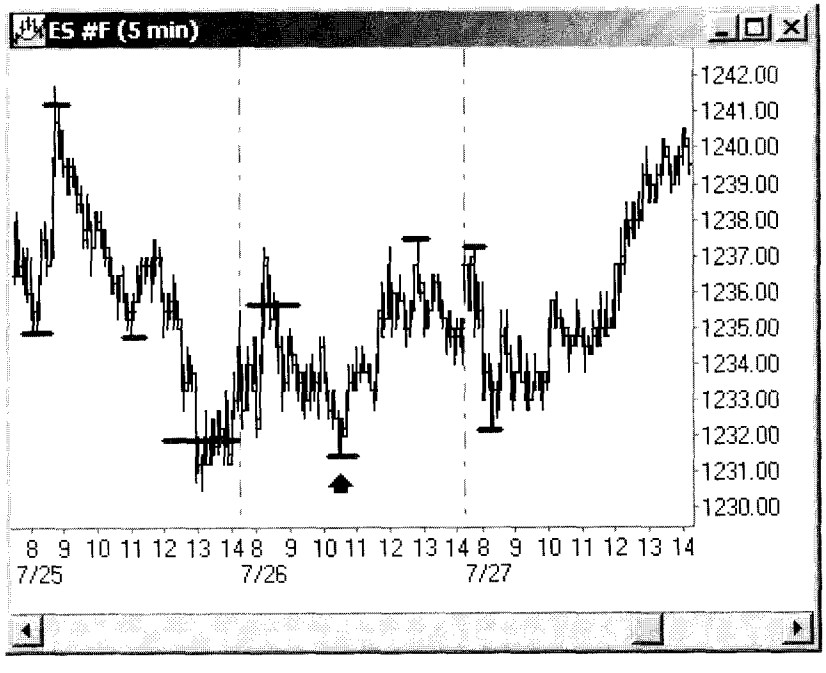


You can see that this numbered square is similar to the last one we looked at, except it has five sides instead of six. Appropriately, this is why it is called the Pentagon chart. The circled triangle is our old friend the RD, and it is connected to a shape with spokes at a distance of 72 degrees from each other, also forming a pentagon. I've added a price halfway between two pentagon spokes, which would represent a 36 degree angle (10^{th} harmonic) at a level of 4926. This is the line running off the chart marked with "=4926". It would run right through the center of the number 4926 if we had a pentagon drawn big enough to show numbers that high.

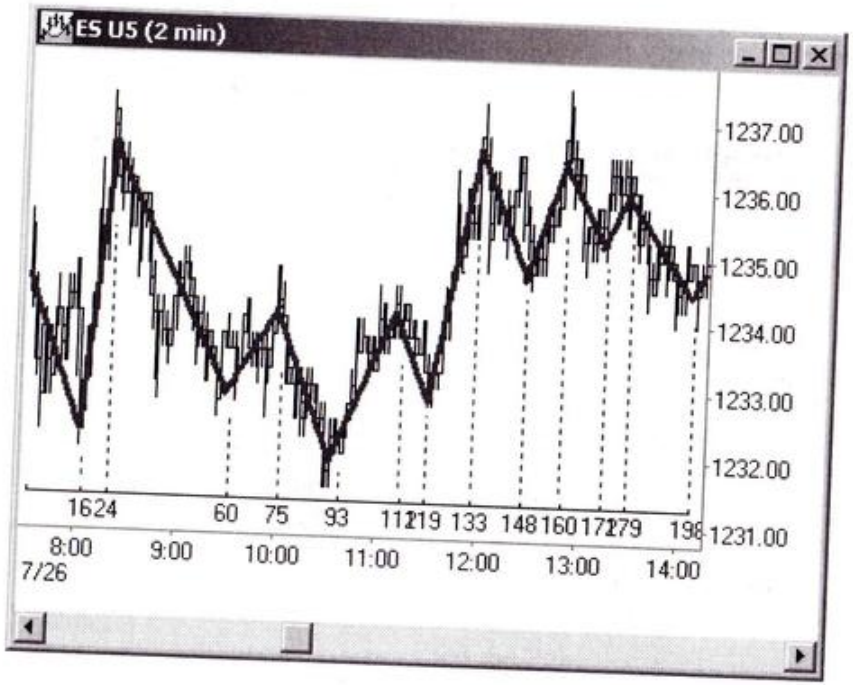
One way we can track prices when using these squares is by converting the price to it's lowest increment, and counting in those units. Since the E-mini moves in quarters, and there are four quarters to a dollar, we can represent a price of 1231.50 as 4926 as well, meaning 4926 ticks. All you do is multiply 1231.50 by 4 to get this number. It will be different for every market, as every market has a different minimum fluctuation, but the method is the same.



Here's a look at the last few days of action on the ES, showing important price levels set by the RD. The arrow on the 26^{th} corresponds with the Pentagon shown above, and all others

are done in a similar way. The thick lines show the price levels as set by the RD and the 36 degree aspects.

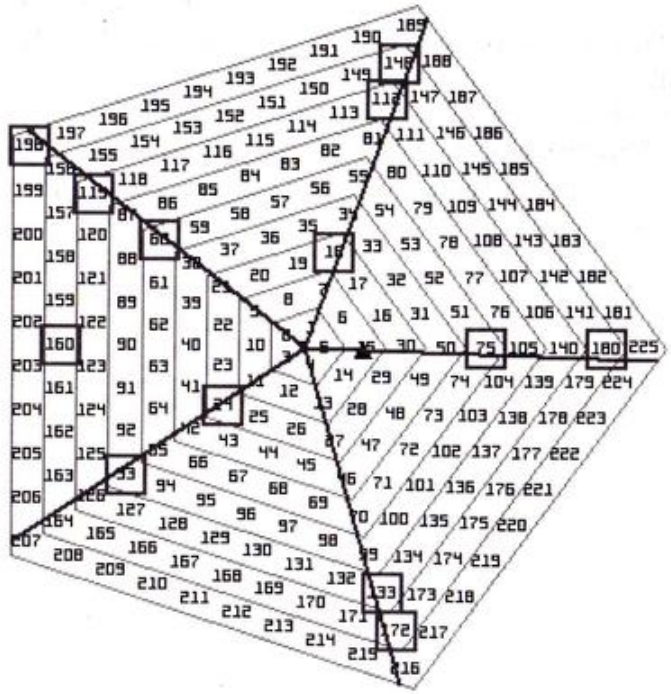
The Pentagon chart also works when we look at time. Here's a 2 minute chart of the 26th:



What I've done is highlight the swing points in thick lines over the price bars, then measure out the number of bars between a turning point and the start of the day. Those measurements are all on one line at the bottom of the chart. The reason I used a 2 minute chart is because the Earth rotates about one degree every four minutes, so this can be thought of as half-

degree bars. So the chart is based on a natural, physical cycle, which is important.

Now let's take all those bar counts and draw them in on the Pentagon chart:

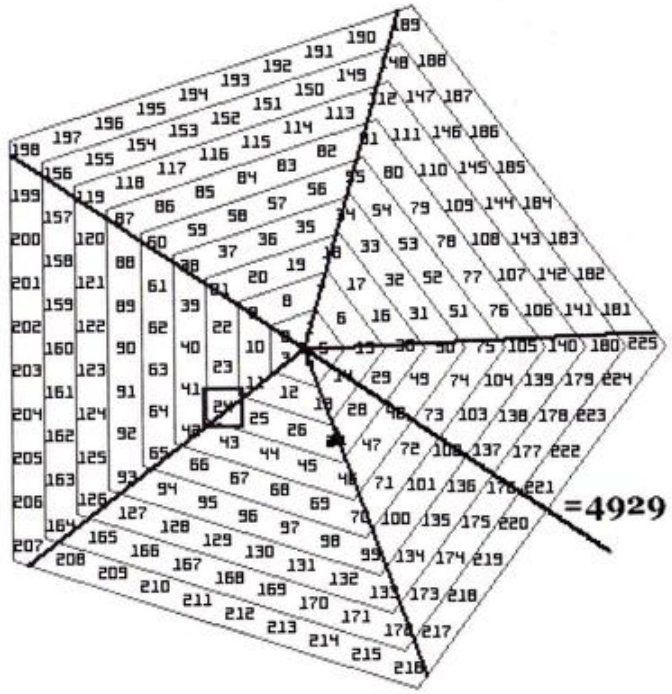


The pattern here is very clear. All bar counts are related by 72 degrees to each other except for 160, and that one is opposite a spoke, meaning it's actually the 10th harmonic of a circle instead of the 5th, which still counts. Notice that the location of the heavy spoke lines was defined by the RD at noon, shown by the triangle plotted at 15.

If you go back to the actual chart, you can see that I've moved a count here and there so it would line up for dramatic effect, but practically speaking all the counts were within a bar or two of the actual high or low.

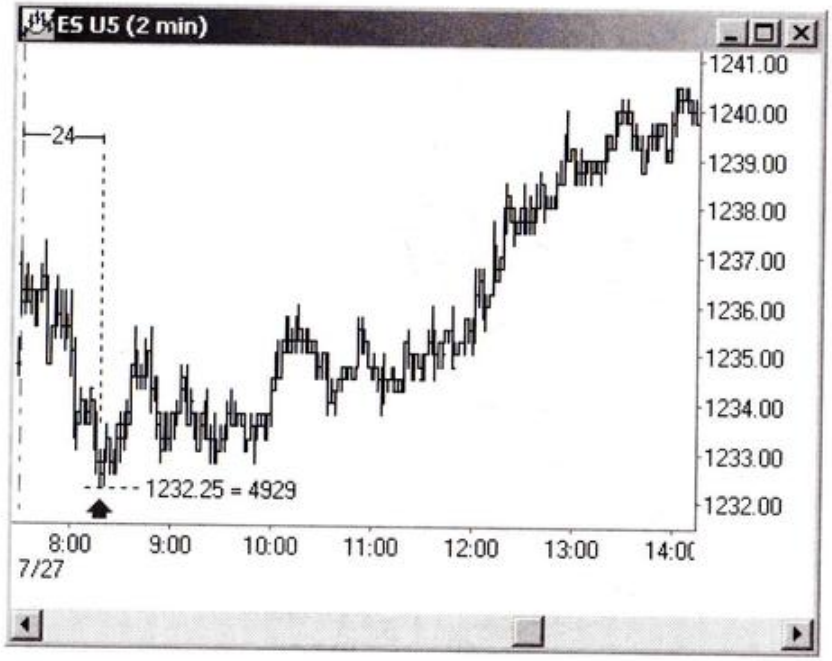
So what this means is that the ES is running along a pentagon chart in both time and price, and that the position of the RD has a lot to do with exactly where on the chart the hits will fall.

This leads us to an explanation of Gann's favorite saying about price squaring time. Here's an example of that from yesterday:



This pattern formed at 8:20 Mountain Time on July 27, 2005. Our RD has set the 72 degree spokes for us on the Pentagon chart, given it's position at 27 degrees. We are 24 bars from the open, and the current low is 4929 (=1232.25 x 4). So both price, time, and RD have come together in one big pattern on the Pentagon chart at this moment in time.

Here's what that looked like on our price chart:



The arrow represented the low of the day, and we rallied up almost 10 points from that location into the close. The signal was exact to the bar and to the tick – you can't ask for anything more accurate than that!

I've seen all kinds of shapes work on different markets, so my recommendation is to check them all out on the market you are interested in and see what works. One quick test of a particular shape can be done using the time counts as shown earlier. Simply measure out the distance from the open to various highs and lows and plot them right on your numbered square. Then see if there's a geometric pattern. If so, odds are high that you found a shape that your market is vibrating to, and

can then start building up the techniques that we've been discussing to locate the turning points.

13. Hot Planets

In the last chapter, we saw that planetary positions and price values could be plotted interchangeably on a numbered square, and that the patterns they formed could be used for market timing. As it turns out, there is a very subtle, yet defined connection between the planets and numbers.

Each planet has a particular resonance, as does each number. The kabalists realized this long ago, and have provided us with this mapping between the two:

Number	Planet
1	Sun (positive)
2	Moon (negative)
3	Jupiter
4	Sun (negative)
5	Mercury
6	Venus
7	Moon (positive)
8	Saturn
9	Mars

So each number has a corresponding planet that vibrates in synch with it. The Sun and the Moon each have two numbers, a positive number and a negative number. The positive Sun number is 1, while the negative Sun number is 4. 4 can also be considered the number of the Earth. The Moon has two numbers, 2 and 7. 2 is the negative number, and corresponds with the New Moon, and 7 is the positive number corresponding with the Full Moon.

These number vibrations are very important, and will take on a great deal of significance in the next chapter. The link between number, planetary position, and price is a very interesting one, and in this chapter we'll take a look at a forecasting system based on a combination of all these factors.

I discovered this system years ago, and used it successfully to determine how long trends would last on daily charts. It is based on a combination of number cycles and planetary progressions, and represents my first real foray into the science of astronumerology.

First, we need to understand how basic numerological cycles are computed. Each day has a number associated with it, derived by adding the year, month, and day of birth and resolving down to a single digit between one and nine.

So, if we take the date July 29, 2005, we need to take each part of the date and add to a total:

7 + 29 + 2005 = 2041

Next, we take each digit in the total, and add it again:

2041 => 2 + 0 + 4 + 1 = 7

So our number for this day is 7. If our total had been larger than nine, we would have just added the digits up again until we got in range. When we do this procedure to a birthday, we obtain what is called the birth number of the person in question.

According to traditional numerology, the birth number represents the core personality of the person, and shows what kinds of activities the person would be most happy doing. So in the case above, if a person had a birth number of 7, they would have qualities similar to those attributed to the Full Moon, meaning a philosophical bent, interest in nature, etc. We don't need to pay attention to interpretations like that for markets, but it's good to know how else this information is used.

Once we have the birth number, we can calculate cycles. To calculate a yearly cycle for a person or market, you add the birth number to the current year, and resolve back to the range 1-9. Let's do an example, using the person born on July 29. 2005.

The yearly cycle for 2005 can be calculated as:

Birth Number + Current Year

or…

7 + 2005 = 2012

Now resolve:

2012 => 2 + 0 + 1 + 2 = 5

So our yearly cycle is a 5 for the year 2012, given a birthday of July 29, 2005. The same procedure would be repeated for any other year we were interested in.

The monthly cycle is computed by adding the year cycle to the current month. So, for the month of July we take:

Year Cycle + Current Month

or…

5 + 7 = 13

and resolve:

13 => 1 + 3 = 4

So, given a birth number of 7, the year 2005 is a 5 year, and the month of July is a 4 month. We can also say that it's a Mercury year and a Sun month, using our table of planetary numbers as discussed above.

What this procedure gives us is a way to find the hot planets for a given month and year. All we need to compute them is a starting date to get the birth number, and the rest is simple arithmetic. For markets, there are two potential starting dates we can use. The first is the date of the first trade of our market, which can be thought of as the market's birthday. The second is the date that a particular trend move began, which will be valid until the trend ends and a new trend is born.

The tools that we will use are our standard planetary wheel, along with planetary progressions from the time of our trend beginning. We progress the planets forward just as we did before, by moving the natal chart ahead at the rate of a particular planetary body, in this case the Sun. So we'll have two wheels, a

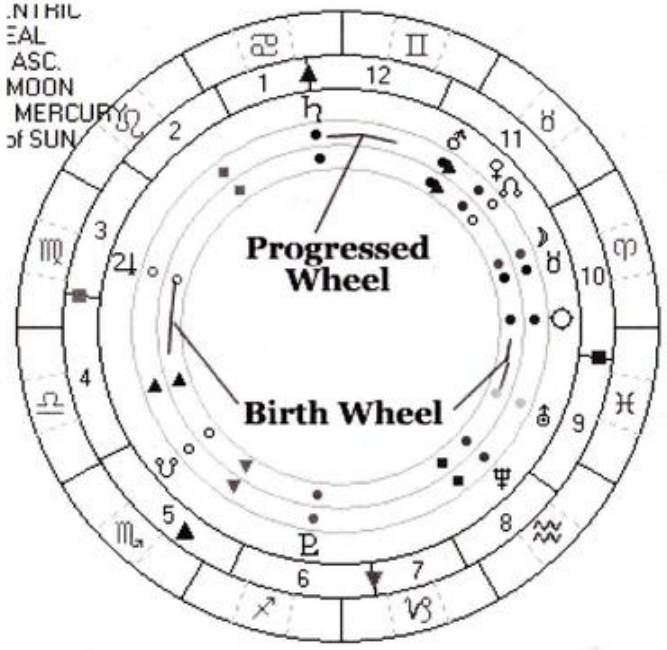
birth wheel, and a progressed wheel. The progressed wheel has the same pattern as the natal wheel, but is linked to the Sun and moves with it.

A trigger for a trend change will be when a progressed planet completes a triangle or square pattern to a natal planet. The planets that we watch are those who have the same vibration as our yearly and monthly cycles. Those are the hot planets, and are the only ones that can affect a trend change. Note that the one exception to that rule is the natal Sun, which is always hot.

An example will help to clear up any confusion. On March 22, 2004, the Dow Jones Industrial Average made the first spike of a double bottom. As the Dow is a representation of the stock market in general, we have some choices to make as far as our birth date. We can take the birth of America, July 4, 1776, or we can take the birth of the stock exchange, May 17, 1792. If we resolve them both, we find that both dates vibrate to a 5, which makes this easy for us. If they had been different numbers, we'd have had to go back over our charts to see which one was the correct one.

So our birth number is 5. That means the year 2004 is a 2+0+0+4+5 = 11 = 1+1 = 2 year. This is the year of the Moon, as 2 is the Moon's negative number. March of this year is a 5 month (Mercury), as 3 (March) + 2 (Moon) is 5, and April is a 6 month (Venus). So we'll be watching the Moon for the entire year, and each month we'll watch an additional planet depending on the monthly cycle. March will be Mercury, and April will be Venus.

Here's a visual description of how this all looks:

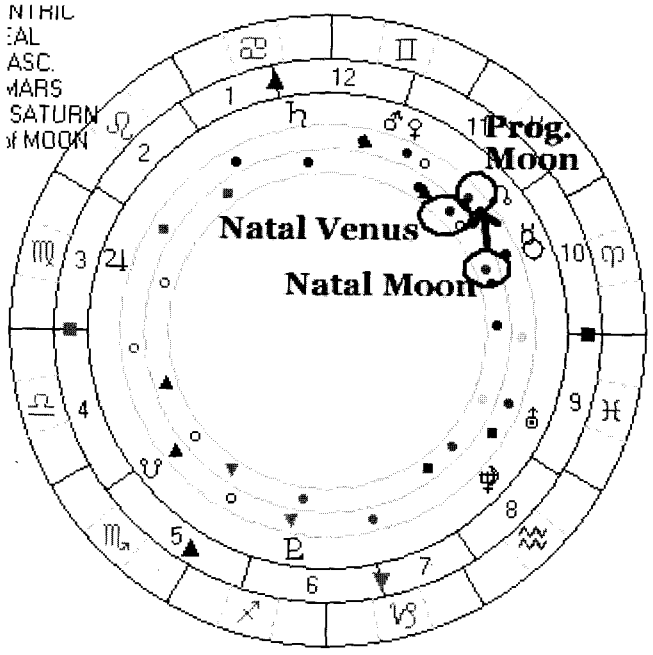


This graphic is color-coded by planets to make it easier to see, but since this book is in black and white I'll make sure to circle and label all the pieces when we come to them. There are two inner rings on this wheel, shown by round dots. The innermost wheel is the birth wheel. It represents the position of the planets on March 22, 2004. It is fixed, and will not move.

The next wheel out is the progressed wheel. It is currently set to March 22, 2004 as well, so you can see that every dot on that wheel has a corresponding dot on the birth wheel. As the days progress, this second wheel will rotate counter clockwise. It moves as the rate of the Sun, although all

planets will maintain their original relationship to each other within the ring itself. It is the same procedure that we saw in the earlier chapter on progressions, except this time the progressed planets are linked to the Sun instead of the Ascendant.

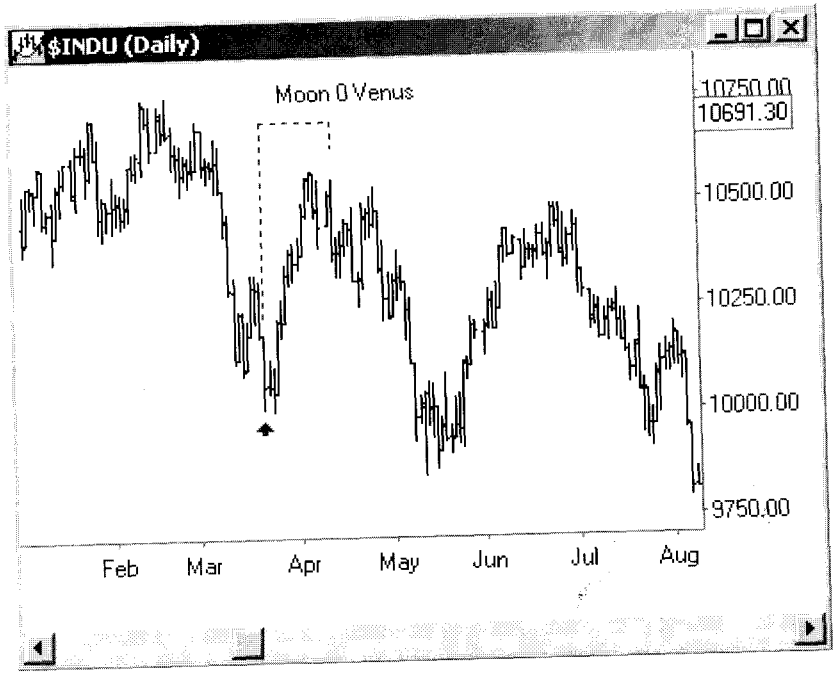
All the round and hollow dots on the wheel represent planetary positions. Squares and triangles are locations of fast moving positions, such as the Ascendant and Midheaven. We'll be ignoring them since we're working on a longer time frame and they move too quickly for our purposes.



This is the situation as it looked on April 13, 2004. You can see that the progressed wheel has been turning, and that the position of it's planets have changed. April is the month of

Venus, and what we see is that the progressed Moon and natal Venus have lined up in a conjunction. We always take our aspects from the progressed position to the natal. It is the year of the Moon, and April is the month of Venus, so both of these planets are hot, and this represents a potential top for us, as we're working off a natal chart set to the date of a double bottom.

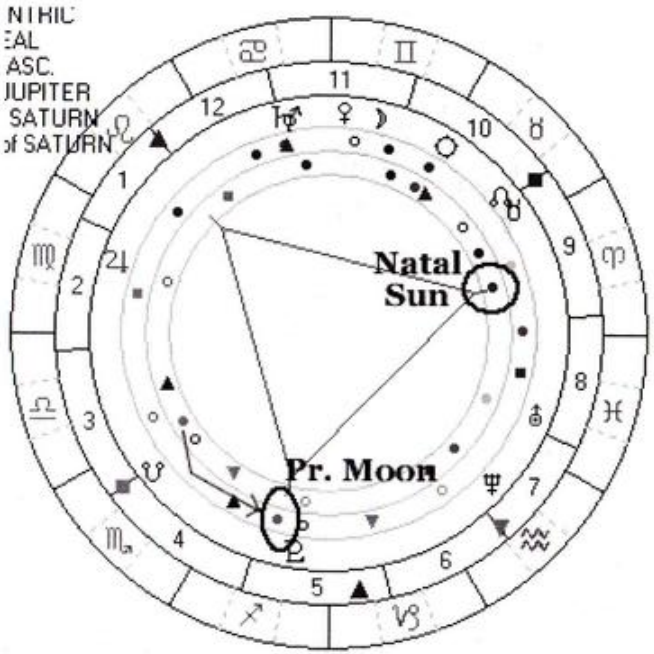
Here's what this looks like:



The arrow represents our starting point, and the dotted lines show where our Moon-Venus conjunction occurred, marking a top. Note that the second bottom in the low was slightly lower than the first that we used. If we had run the

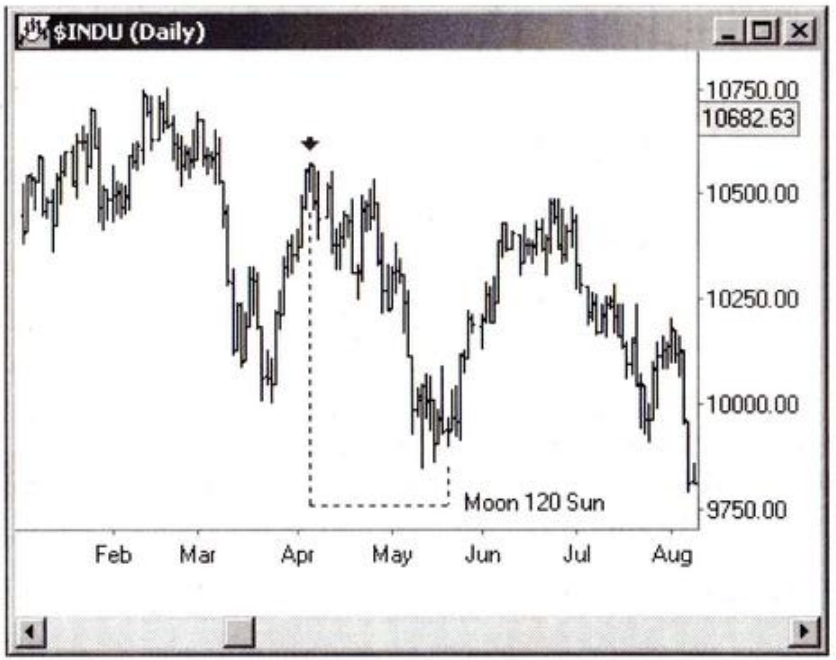
progressions from that second low instead of the first, we wouldn't have been wrong, but would have had our aspect on the low in May instead, which was one swing late from where we were looking. When in doubt of which bottom to use, always use the one that happened first.

Now that we found a top, what we do is just move everything over to the high, which occurred on April 6, and repeat the procedure. We set up our birth chart, progress our planets, and then watch when the hot planets make a conjunction, trine, square, or opposition to the appropriate natal planets.

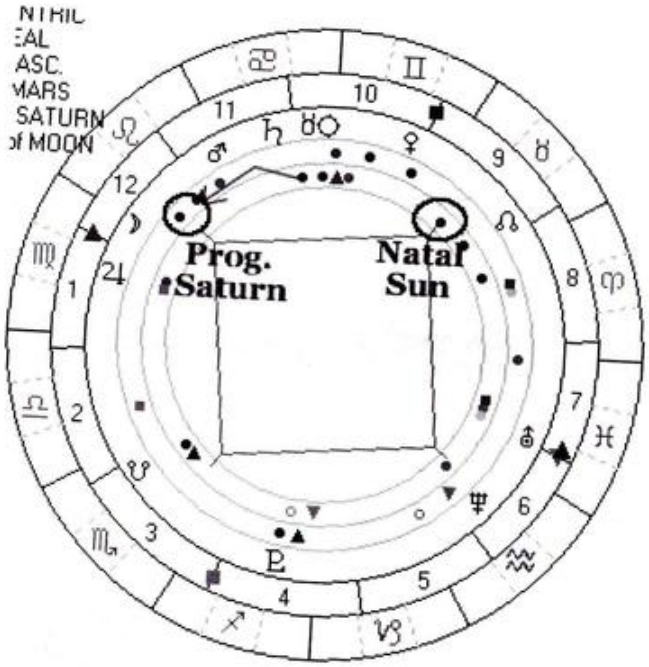


So in this situation, we have the progressed Moon making a trine to our natal Sun. Remember, the natal Sun is always hot. This happened on May 20. May is the month of the Moon, so the Moon was the only potential trigger planet during this month that we were allowed to watch.

Here's the chart:

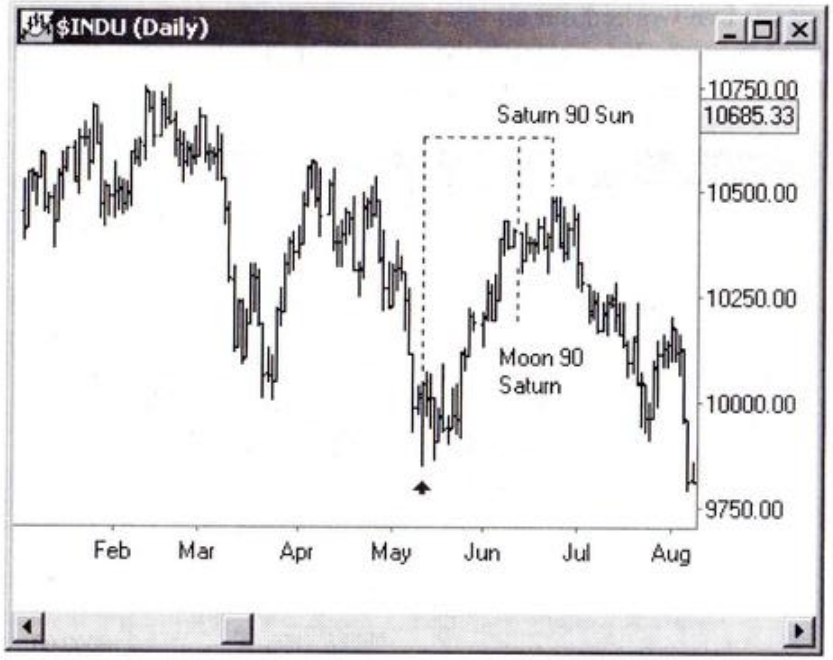


So our aspect marked the zone for when our trend ended and a rally began. Let's do it again, setting our natal date to May 12 and repeating the process.



In this example, we have progressed Saturn square natal Sun. The date was June 23, and June is an 8 month so Saturn is hot. Natal Sun is always hot, so this was definitely a time to look for a trend change.

Here's the chart:

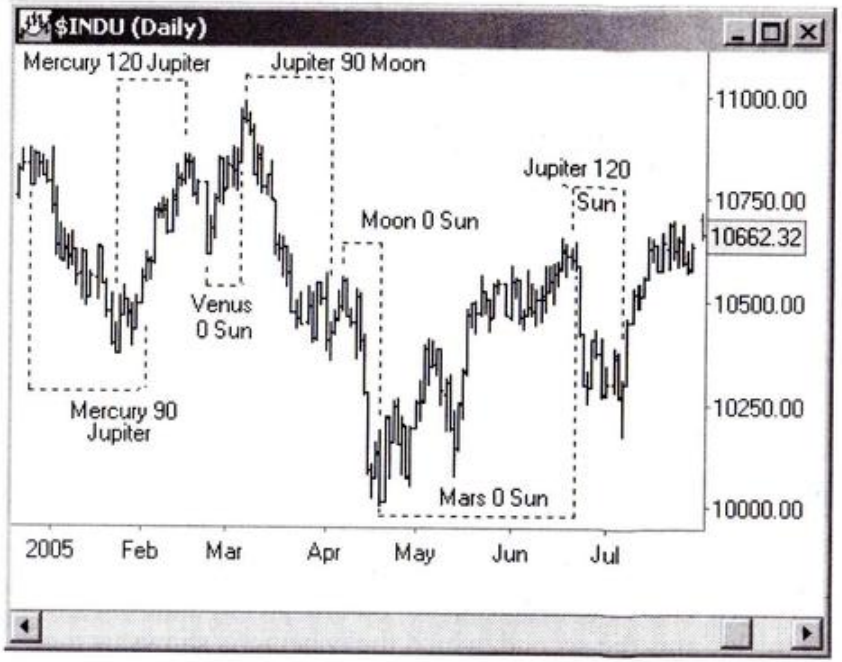


You'll note that there are actually two aspects that hit on this chart. The first, Moon square Saturn, stopped the market in it's tracks, and the second, which the ephemeris shows, is the one that succeeded in kicking it back down.

When we move into 2005, our year planet will change. 2005 is the year of Jupiter, as we can find by adding our birth number to the year:

5 + 2 + 0 + 0 + 5 = 12
12 = > 1 + 2 = 3 (Jupiter)

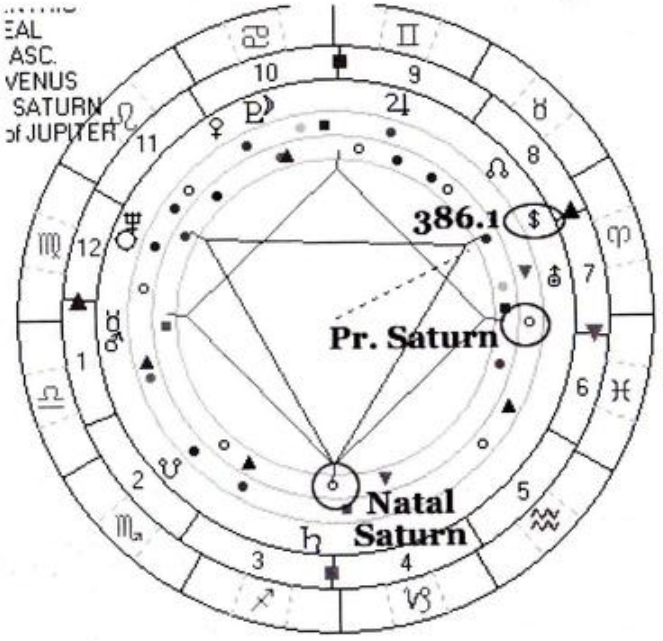
I've worked out all the aspects that caused trend changes using Jupiter plus whatever the hot planet of the month was, and they are shown on the chart below.



You can see that all highs and lows on the chart can be explained using number cycles and hot planets. One thing to note is how the market handled a big drop, as we experienced in March and April. The first aspect gave us the correction, and then the end of our correction gave us the actual bottom. There was actually an upward swing there during the correction in early April, but we didn't see it since the market was down so hard. The upward cycle got washed out and turned into a flat correction, but we still need to base our aspect off the most

recent high date, and the one that the market was running off of was the one at the end of the corrective phase. This kind of thing can happen in fast moving markets, so make sure you are working off the correct starting point for the current trend when you project these aspects forward in time. If you don't have the correct beginning, you won't get the correct ending.

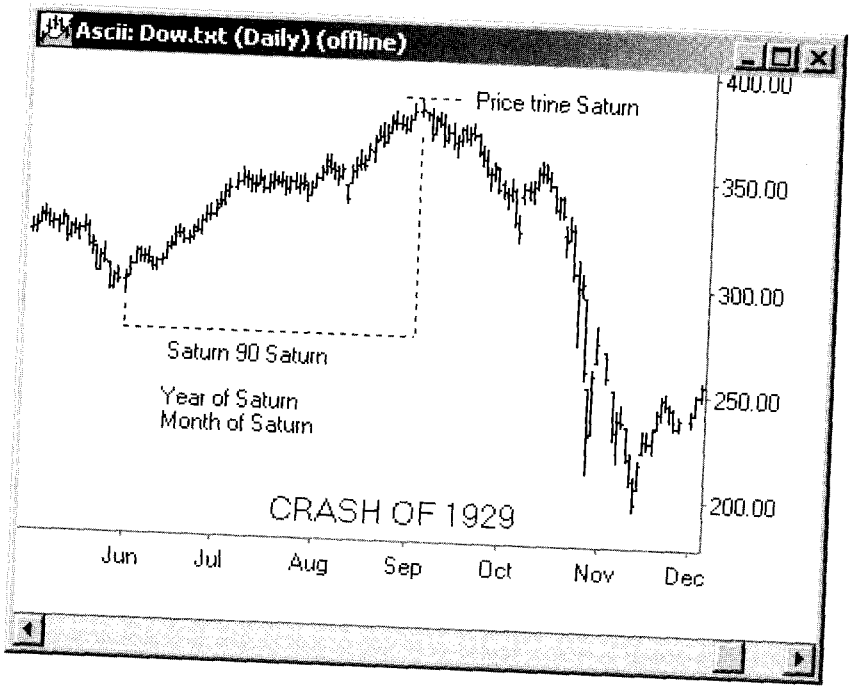
Now let's go back in time to 1929 and the big crash. Here is our ephemeris, working off the low on May 31, the last significant low before the top on September 3.



On September 3, this was the situation. We had progressed Saturn squaring natal Saturn. It's a year of Saturn and a month of Saturn. We also have the price of the top trining

natal Saturn, which is always a good thing to look for in these patterns, as it makes them stronger.

Here's a chart:



In astrology, Saturn is the destroyer, and square aspects are the most evil of all aspects. So in the year and month of the destroyer, we have Saturn making an evil aspect to itself, and we even have the price of the Dow involved. Not only that, this aspect corresponds with a forecasted top in the market, which is a negative situation already. This shows how you can begin to layer interpretations into the forecast, once you are familiar with

the character of the planets involved and the numbers themselves.

This chapter was a little more complicated than some of the others, but is the basis for a great forecasting method. I suggest going over a few years of history and watching how the cycles unfold. It's mechanical, so once you've got the rules down you can go pretty quick. Just keep track of which planets are hot and remember that the combination will change every month.

Astronumerology is very powerful, and can give you insights into markets that you wouldn't be able to get anywhere else. The reason for this is that it is based on tracking changes in vibration, and vibration and resonance are the keys to why markets do certain things at certain times and prices. We'll get even more deeply into this art in the next chapter.

14. Astronumerology

As we have already seen in earlier chapters, price, time, and planetary degree are all interconnected. When we combine them together in our analysis, our results are much better than if we just focused on a single one. The same can be said for number cycles and astro cycles. In the last chapter, we saw one way to combine vibration numbers, number cycles, and planetary progressions. In this chapter, we'll take a look at a unified astronumerology method.

This method that we'll be discussing is totally unique, and I've never seen anything like it anywhere else. It is the product of years of research into markets and psychology, and works very well when used to forecast turning points. I have by no means come to the end of the research in regards to this system, but I've taken it far enough for it to be of practical value in market forecasting. It's not an easy thing to single-handedly invent an art from the ground up, which is what I had to do in the case of astronumerology, as it's a completely lost art to the modern world.

The edge that these techniques provide is very real, but there's always room for further sharpening. Hopefully as the techniques are refined and the rules checked and double checked, the system will become more and more accurate. We've found the tip of an iceberg with this system, and we need to discover how far down beneath the water it really goes.

This system can be thought of as a way to track changes in planetary vibrations. As we learned in the last chapter, each planet has a particular number vibration that it resonates to. As

an individual planet moves through the zodiac, it colors the location it is at with it's own vibratory pattern. As it progresses along in it's daily motion, so does the resonance of it's vibration.

This phenomenon can be thought of in the same way as the siren on an ambulance as it drives by a pedestrian on the street. The sound waves are compressed towards the observer as the ambulance approaches, giving out a certain tone. At the moment the ambulance is equal to the observer, the siren can be thought of as being at a high level of purity. The tone is correct, and the volume is at maximum. Then, as the ambulance speeds off, the sound waves get lengthened and the tone shifts again.

Planets do the same thing. The pure vibration of Mars can be represented as a 9. But the effect of Mars changes based upon it's relative location. At a moment of birth in the markets (the start of a trend), Mars is at a certain spot, but it immediately moves forward in time to a new location. The original birth spot is like the antenna that the market will use to listen to Mars, and as Mars moves in it's motion, it's vibration rate will differ based on it's relationship to that original location.

We can track these vibratory changes very easily. All we need to remember is that we are tracking changes compared to a specific moment of time in the past. This moment of time in the past is considered our birth date, or natal date, and we've already seen it used in earlier chapters.

On the natal date, the planets will color the zodiac degree they are at with their innate vibratory rate. I've expanded and refined the list given down to us from the ancient kabalists to the following:

PLANET	NUMBER
Mercury	5
Venus	6
Sun	1
Moon	7
Mars	9
Jupiter	3
Saturn	8
Uranus	4
North Node	7
South Node	2

These numbers are very similar, except the Sun and Moon no longer have negative numbers. The number 4 was given to the planet Uranus, and the North and South Nodes have been assigned the numbers 7 and 2, the original Moon numbers.

Uranus in modern astrology is considered the planet of invention, and 4 is the number of invention as well. So that alone was a good reason to consider that number for Uranus. The North Node of the Moon is considered to be the positive node, and the South Node is considered to be the negative node. So the Moon numbers were mapped accordingly as well.

So these new numbers do make sense in light of some of the research that has been done previously by others, and more importantly, they work in practical tests. Neptune and Pluto have been left off of this list, as they move too slowly to be of much value except in really long term forecasting. My interests are more towards the short and medium term, so I was unable to really test them out properly. But the same procedures we are

about to discuss will work with them. I'd start out with a Neptune vibration of 7, and a Pluto vibration of 9, but those need to be considered experimental settings and would need to be verified in tests on historical data before they could really be trusted.

The other number that is possibly questionable is the Moon's choice at 7. The Moon moves so fast that it is not really used much in this system, as I've limited myself to daily charts as my basis of analysis. The Moon would definitely play a part if this was used on intraday charts, such as some of the 24 hour markets like FOREX, and would need to be verified. 7 is what I've been using, but 2 might be the true number.

Aside from those few caveats, these vibration numbers are solid and well founded. As said before, these will be the vibration rates given to a particular degree in the zodiac by a planet's location at birth.

So if Mars is at 123 degrees at the moment of birth, that degree will be colored with a 9 vibration. Each degree after and before that particular degree will also be colored according to it's relationship to the natal degree. We already know the order of the numbers – we just count up from one to nine, then repeat. So if degree 123 is a 9 vibration, then degree 124 will be a 1, 125 will be a 2, etc. Note that we only care about whole numbers, so fractions of a degree are ignored.

Let's look at an example. If our natal date is January 1, 2005 at 12:00, then here's what our daily vibration numbers would look like:

MARS		
DATE	DEGREE VALUE	VIBRATION
Jan 1, 2005 (birth)	244.84	9
Jan 2, 2005	245.53	1
Jan 3, 2005	246.22	2
Jan 4, 2005	246.91	2
Jan 5, 2005	247.60	3
Jan 6, 2005	248.29	4
Jan 7, 2005	248.98	4
Jan 8, 2005	249.67	5
Jan 9, 2005	250.37	6

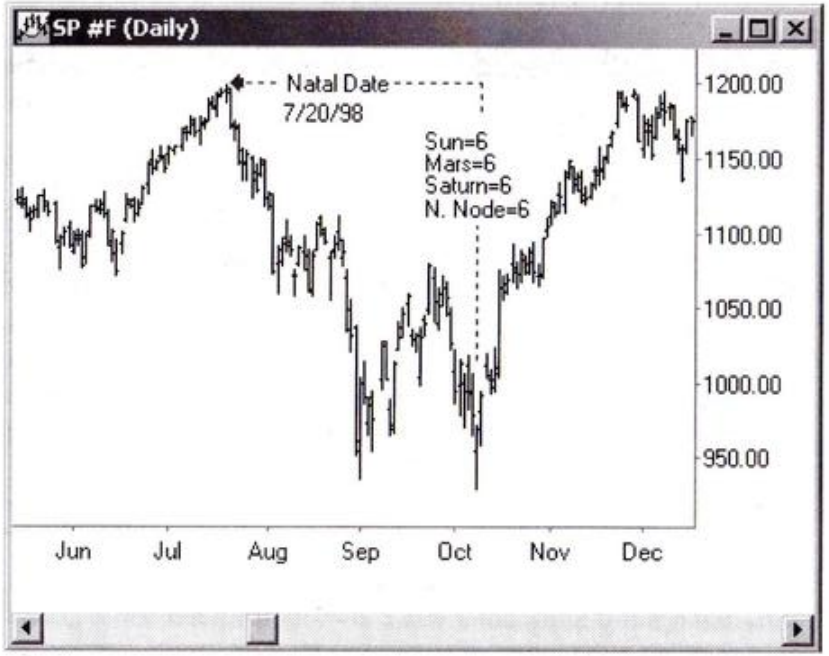
So we start out on Jan 1 with a value of 244.84. We are ignoring fractions, so the entire degree of 244 will have a value of 9. That means all of degree 245 is a 1, degree 246 is a 2, etc. From a mathematical perspective, our formula would be:

Vibration = Degrees traveled since Natal Date + Base Vibration

We would then reduce this number to 1-9, as we did in previous chapters.

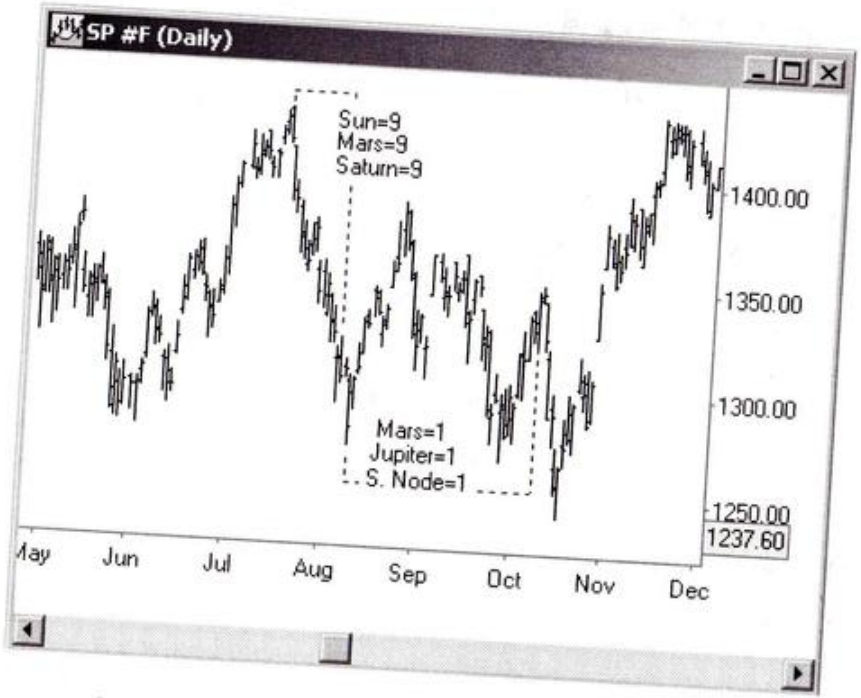
So what we find in the example above is that Mars will give a particular vibration number to every degree in the zodiac, based on it's position at birth. As Mars moves into these degrees, it will take on the appropriate vibration rate of the degree it is in. So two days after our natal date, on January 3, Mars is vibrating to a 2.

Each planet will vibrate to a different number based upon a combination of the natal date and the degree value of the planet's current position. When multiple planets line up along the same number, that number becomes very powerful in the market and turning points tend to form.



On July 20, 1998, the S&P made an important top. When we set this top as our natal date, and run the cycles out, we find that on October 7 we have four planets vibrating to 6. The Sun, Mars, Saturn, and the South Node are all vibrating on a 6 on this day. These planetary clusters are important to watch, and can show up at major turning points like this.

Another pattern that we'll see is an echo of the birth number set by the natal date. To review, we find the birth number by adding up the year, month, and day of our natal date, and resolve to a number between one and nine. What we find is that turning points form when enough planets line up to echo this birth number.



On the chart above, two turning points are marked. The first was a top in late July. That date resolved to a 9, and when the Sun, Mars, and Saturn all moved into a vibration of 9, we had a bottom. The next date resolved to a 1, and when Mars, Jupiter, and the South Node all showed up as a 1, the market made a top and came down.

This particular echo pattern happens over and over, and does a very good job at marking turns. What I've noticed is that the market has a trigger planet that is always present at the turns. For the S&P and E-mini markets, this trigger planet is Mars. Mars will always be present at major turns in some way, so all we have to do is watch the position of Mars in relationship to the other planets to find potential turning points. It's not Mars alone that will turn the market, but you won't get reliable signals unless it is present in the pattern.

An important point to remember is that as a planet goes through it's motions coloring different degrees of the zodiac, those colorings will impact all the other planets. If you look back at our table a few pages back, you'll see that Mars colored the degree 246 with a vibration of 2. So whenever another planet, such as Venus or Saturn, moves into degree 246, it will also take on some of the 2 vibration that Mars has set. In this case, Venus or Saturn would be considered as visitors in Mars' cycle, and would be activating the 2 in place of Mars. The terminology we will use is to say that the visiting planet is in a "2 house" of Mars.

This idea of houses is a key concept in this system of astronumerology, and it's important to make sure it's clear before we move onto our main forecasting technique. Here is a table of Mars and Saturn values over the course of about a week:

Date	Mars cycle	Mars in Saturn House	Saturn cycle	Saturn in Mars House
1/1/2005	9	3	8	5
1/2/2005	1	4	8	5
1/3/2005	2	5	8	5
1/4/2005	2	5	8	5
1/5/2005	3	6	8	5
1/6/2005	4	7	8	5
1/7/2005	4	7	8	5
1/8/2005	5	8	8	5
1/9/2005	6	9	8	5

The first column is the date, using 1/1/2005 as our natal date. The next column is the cycle of Mars. Mars starts out as a 9, and moves just less than a degree per day, so you can see it changing cycles very quickly. The third column represents Mars in Saturn's house. This is the number of the house of Saturn that Mars is currently in. So on Jan 1, Mars is in a 3 house of Saturn. If Mars were actually Saturn here, then Mars' cycle would be 3 instead of 9 on this degree.

Next we move to the fourth column which is Saturn's cycle. Saturn moves much more slowly than Mars, and you can see that it stayed on the same degree for the entire chart. That's why the cycle is always 8, it's base cycle. The next column shows that it is positioned in a 5 house of Mars. If it were Mars and at this degree, it would be a 5.

Hopefully this example helps to explain how this works. We have a cycle for each individual planet, which gives us a particular vibration number. But we can also look at planets in

each other's cycles, and get numbers that way as well. It's very important to know the house locations of each planet, because if the vibrations match, the two planets will link up, forming a kind of aspect.

You can see one of these links form on the 8th of January in the table above. Mars is in it's own 5 cycle, and is in an 8 house of Saturn. Saturn is in it's own 8 cycle, but is in a 5 house of Mars. So Saturn is in Mars' current number house, and Mars is in Saturn's current number house. For as long as this situation lasts, these two planets will be charged with special energy, and will be able to move markets.

The pattern that we're going to look for is based upon a combination of everything we've seen so far. The setup will be a link between houses as seen above, and the trigger will be a shared number cycle between Mars and the fastest moving planet in the house link pair. We will only consider house links for planets slower than, and not including, Mars. The other planets move too fast, and are not suited to use on a daily chart because of that.

So if Jupiter and Saturn are linked through houses, then our trigger will come when Mars and Jupiter share the same number cycle. The reason we'll look for Mars and Jupiter, and not Mars and Saturn, is that Jupiter moves faster than Saturn, and is the trigger planet of the Jupiter-Saturn pair. To clarify, if we arrange the possible linked planets in order of speed, we'll have: Jupiter, Saturn, Uranus, and then the Nodes. Any two of these five planets can form the link that will act as the setup for our signal. After the link has been formed, the trigger occurs

when Mars moves to the degree of the faster moving planet in the link.

This may be a bit confusing at first, but after we go over an example it should be more clear.

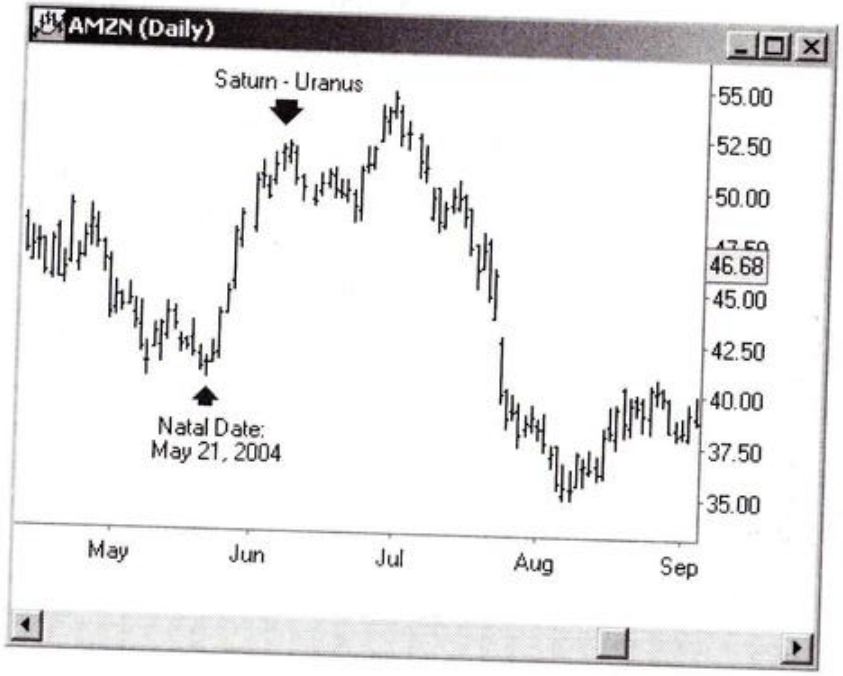
On May 21, 2004, Amazon made an important low, representing the birth of a new move up. Once we have this date, we can calculate our cycles and look for patterns. We don't have room in a table for all the planets at once, so we'll just focus on the ones that resulted in the first trigger. Let's do that now:

Date	Mars Cycle	Saturn Cycle	Saturn in Uranus House	Uranus Cycle	Uranus in Saturn House
5/21	9	8	2	4	1
5/22	9	9	3	4	1
5/23	1	9	3	4	1
5/24	1	9	3	4	1
5/26	2	9	3	4	1
5/27	3	9	3	4	1
5/28	4	9	3	4	1
5/29	5	9	3	4	1
5/30	5	9	3	4	1
5/31	6	1*	4*	4*	1*
6/1	7	1	4	4	1
6/2	7	1	4	4	1
6/3	8	1	4	4	1
6/4	8	1	4	4	1
6/5	9	1	4	4	1
6/6	1*	1	4	4	1

In this table, we have the cycles for Mars, Saturn, and Uranus. We also have Saturn in Uranus' house numbers, plus Uranus in Saturn's house numbers. On May 31, our pattern begins to set up. On this day, Saturn moves into a 1 cycle and a 4 house of Uranus. Uranus is in a 4 cycle, and in a 1 house of Saturn. So Saturn and Uranus become linked.

Once we have linked planets, the next step is to watch for Mars triggering the faster planet in the linked pair. Saturn is faster than Uranus, and Saturn is in a 1 cycle, so our trigger

condition will be when Mars reaches a 1 cycle while Saturn and Uranus remained linked. This happens on June 6.



The length of time that it takes to get linked planets off of a natal date can vary considerably. Sometimes it takes months, and other times it happens right away. If we move forward a bit to the minor low in late June, we'll see what a quick pattern looks like.

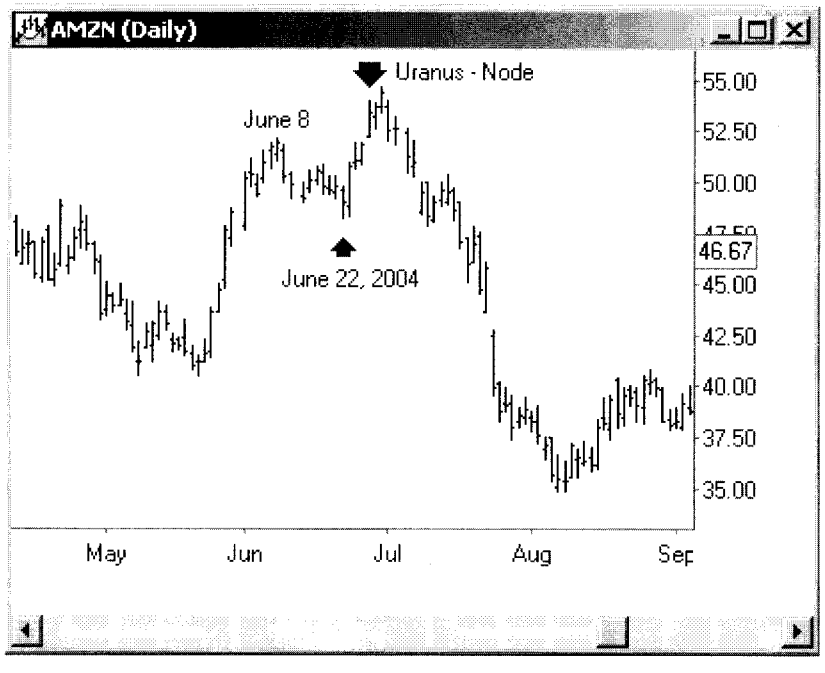
So here's the natal date:

Date	Mars Cycle	Uranus Cycle	Uranus in Node House	N. Node Cycle	Node in Uranus House
6/22	9	4*	7*	7*	4*
6/23	9	4	7	7	4
6/24	1	4	7	7	4
6/25	2	4	7	7	4
6/26	2	4	7	7	4
6/27	3	4	7	7	4
6/28	4*	4	7	7	4

In this situation, we start with linked planets immediately. Uranus is in a 4 cycle and in a 7 house of the

North Node, and the Node is in a 7 cycle and in the 4 house of Uranus. So they are linked right from the start. Now all we need is for Mars to trigger the faster linked planet, which is Uranus. This happens on June 28, when Mars enters it's 4 cycle.

Here's the chart:



This trigger happened two days prior to the big top on June 30. Incidentally, the cycles from our high on June 8 resulted in the exact same trigger date.

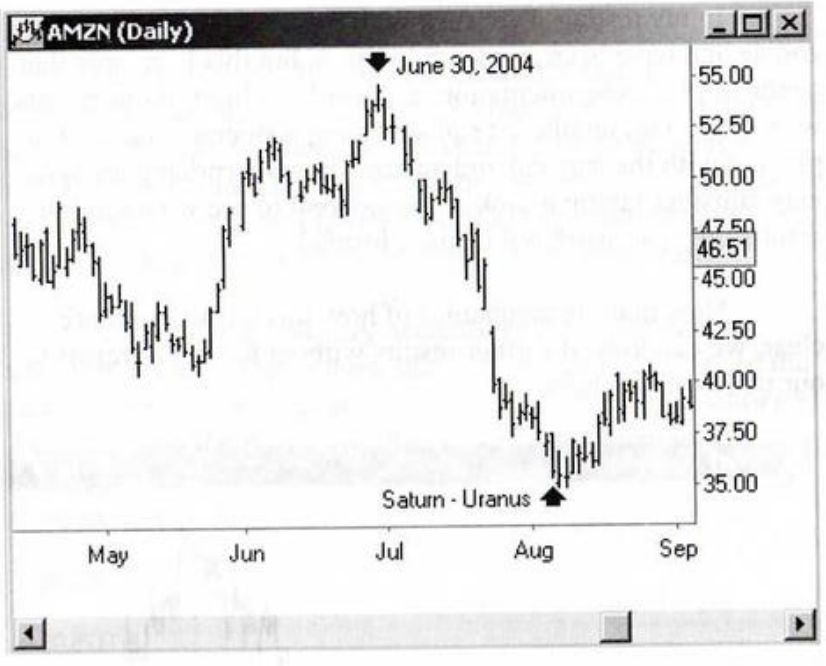
Let's do one more in-depth example on AMZN, using the June 30 high as our natal date.

Date	Mars Cycle	Saturn Cycle	Saturn in Uranus	Uranus Cycle	Uranus in Saturn
6/30	9	8	7	4	5
7/1	9	8	7	4	5
7/2	1	9	8	4	5
7/3	2	9	8	4	5
7/4	2	9	8	4	5
7/5	3	9	8	4	5
7/6	4	9	8	4	5
7/7	4	9	8	4	5
7/8	5	9	8	4	5
7/9	5	9	8	4	5
7/10	6	1	9	4	5
7/11	7	1	9	4	5
7/12	7	1	9	4	5
7/13	8	1	9	4	5
7/14	9	1	9	4	5
7/15	9	1	9	4	5
7/16	1	1	9	4	5
7/17	1	1	9	4	5
7/18	2	2	1	4	5
7/19	3	2	1	4	5
7/20	3	2	1	4	5
7/21	4	2	1	4	5
7/22	5	2	1	4	5
7/23	5	2	1	4	5
7/24	6	2	1	4	5
7/25	7	3	2	4	5
7/26	7	3	2	4	5
7/27	8	3	2	3	4

7/28	8	3	2	3	4
7/29	9	3	2	3	4
7/30	1	3	2	3	4
7/31	1	3	2	3	4
8/1	2	3	2	3	4
8/2	3	4*	3*	3*	4*
8/3	3	4	3	3	4
8/4	4*	4	3	3	4
8/5	4*	4	3	3	4
8/6	5	4	3	3	4

This is the opposite kind of setup as we had before. In this case, it takes a long time for Saturn and Uranus to form a link. It finally happens on August 2, and Mars then triggers that link on August 4. Notice that Uranus in this example is retrograde, which means it's moving backwards. That's why it goes from a 4 cycle to 3 cycle on July 27.

Note that Mars stayed in it's 4 cycle for two days, giving us a two day window as our target. Usually the first day Mars triggers the linked planets is the day to watch, but in this case the second day was more powerful. The 5th was the last down close in the trend, and the next day saw the bottom.

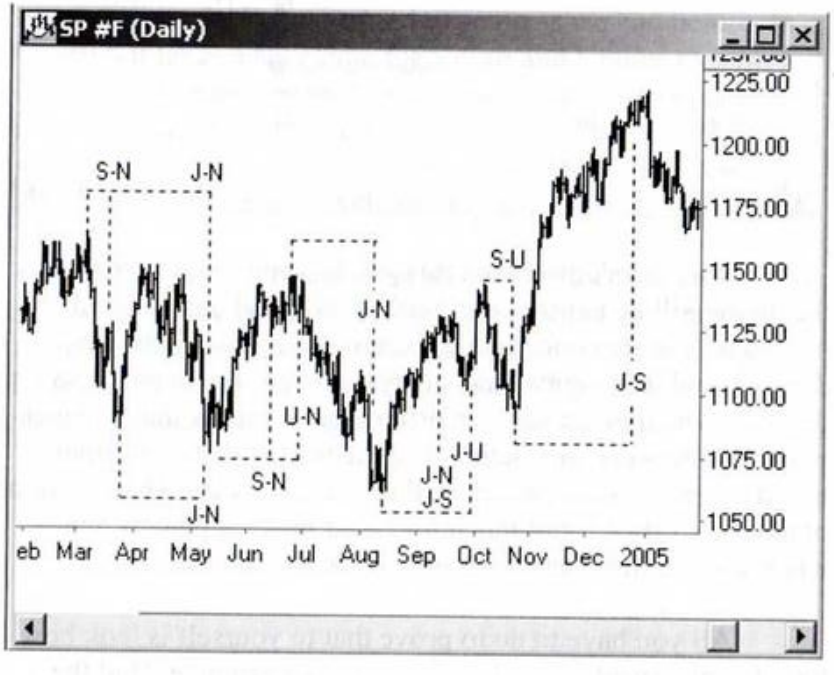


We haven't discussed this yet, but one thing to realize is that there will be a difference between tropical and sidereal positions. We are concerned with movement into individual degrees, and the tropical and sidereal zodiacs differ by 22.88 degrees, which is not an even difference. It means that a planet will cross between one degree and the next at different times based on each zodiac, which will affect the cycles. That fraction of a degree offset is not much for faster moving planets, but when you get into the slower ones it can be substantial.

All you have to do to prove that to yourself is look how long Uranus spent in it's 4 cycle in the last example. Had the degree boundary been half a degree closer, it would have entered it's 3 cycle two weeks earlier.

In my testing, I've stuck with the tropical (western) zodiac and have been successful with it, but this is an area that needs further experimentation, especially in light of our results with the RD on numbered squares using a sidereal zodiac. I'm pleased with the tropical zodiac now, but enterprising analysts may consider taking a look at the sidereal to see what kind of results they can work out using it instead.

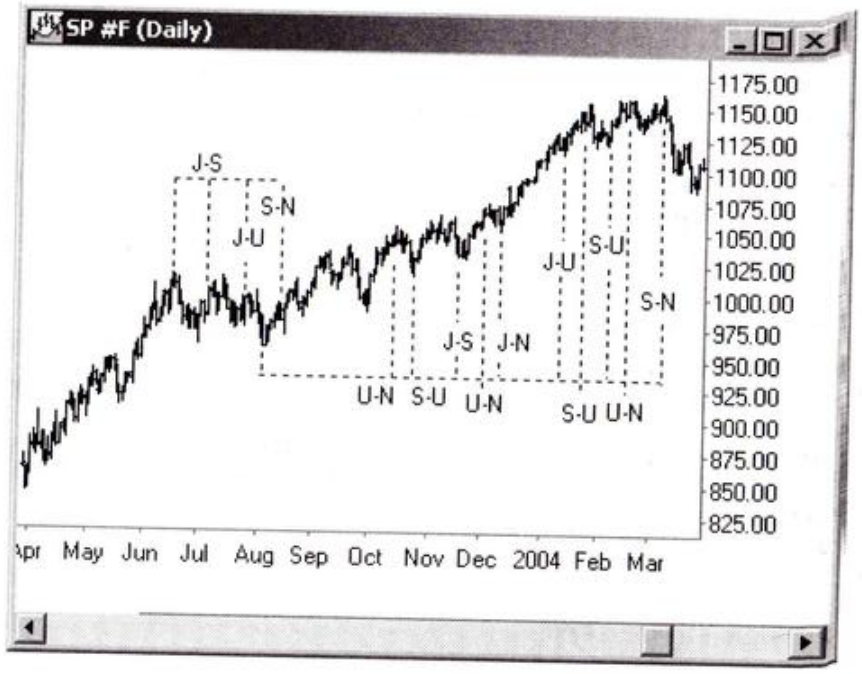
Now that the mechanics of how this works are more clear, we can look at further results without having to resort to our tables of numbers.



This is a daily chart of the S&P market, with all patterns applied. The planet names are shortened to save space on the

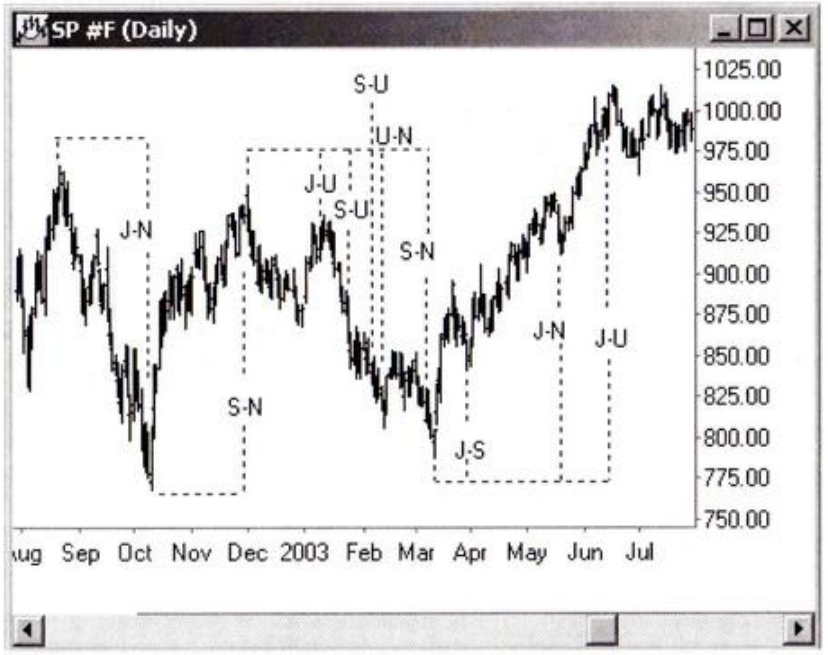
chart. S, J, U, and N refer respectively to Saturn, Jupiter, Uranus, and the Node. The lines begin at the natal date, and mark off triggers as they occurred. So our first cycle on the chart begins at the high in March 2004. That high then generates a Saturn-Node pattern and Jupiter-Node pattern. The Jupiter-Node pattern in May was the big one, and lined up with a second Jupiter-Node pattern starting from the low in mid-March.

This method was very accurate in 2004. Especially helpful was the Jupiter-Saturn signal at the far right edge of the chart. There were no signals for two months until that happened, clueing us into the possibility that there might be an extended trend move starting with the November lows, which is exactly what occurred.

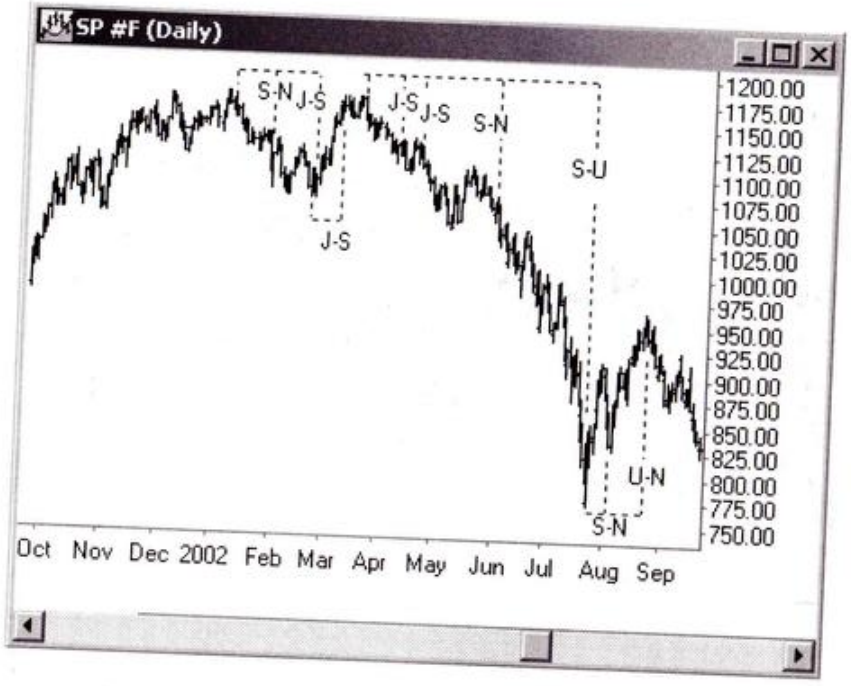


This chart shows the results when we scroll back a bit to look at mid to late 2003. The market in this year was basically up the whole way, which means that our turning points are going to look more like little nubs than major swing points. Nonetheless, look at the hits using the August low on the way up.

There were 10 signals during this upward trend, but all of them corresponded to turning points. Saturn-Neptune finally brought the trend to a halt in March of 2004, but the other signals managed the trend very well, marking off key profit taking and re-entry points.



Let's scoot back some more, and we can see late 2002 and the first part of 2003. There was a Saturn-Uranus signal in January 2003 that didn't pan out, but everything else was very crisp. The Jupiter-Neptune and Saturn-Neptune signals at the front end of the chart were especially nice.



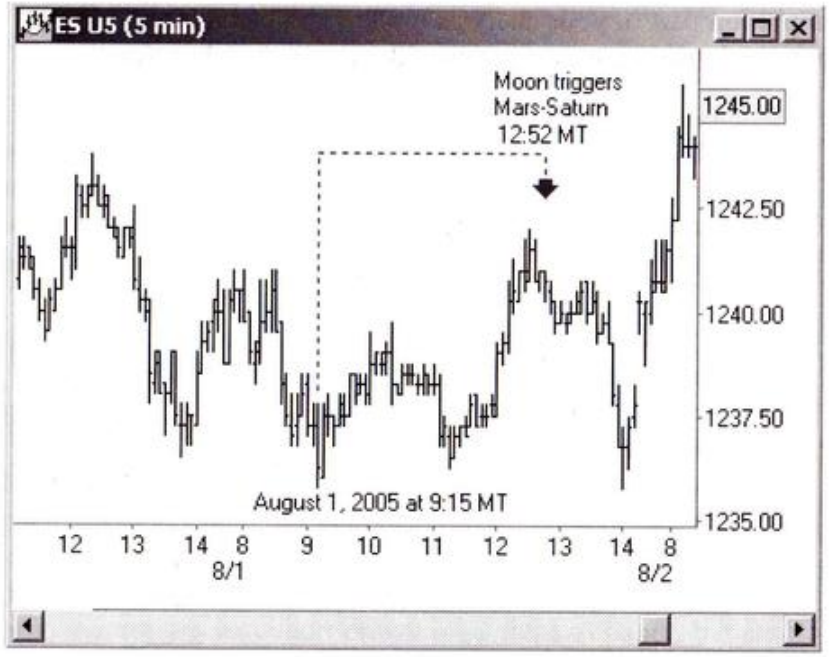
Two charts ago, we saw that 2003 was mostly a bull market. This one is the opposite, but the same cycles and triggers are still calling off turns with high accuracy. Check out how the Saturn-Uranus cycle originating at the high in March pegged the bottom in July.

In my own testing, I've gone over the entire history of the S&P, and what you've seen so far is basically what you can expect. Not all tops and bottoms were always caught, but those are by far the minority. When I run my cycles out, I set the time for 12 noon in New York, which may lead to some inaccuracies if the trigger only lasts for a fraction of a day before one of the planets moves into a new cycle and breaks the setup. Those kinds of situations do happen, so in real trading sometimes you

have to investigate down to an intraday level if the setup is very close but not quite triggering when looking at daily planetary motion.

Intraday trading with this system is a potentially very promising area of research. On the daily level, Mars is the trigger planet of choice when looking at the swings that we've been looking at. On an intraday level, the Moon is one of the prime movers. The Moon moves about 15 degrees in a day, which is almost two complete cycles of 9.

There was a great example of this that happened yesterday on the ES:



The market made an important low at 9:15 Mountain time on August 1. Mars and Saturn were linked during this time, and the Moon moved in to trigger Mars at 12:52, marking the high of the day. Markets are fractal, so if something works on a large time frame, it will also work on a short one like this. All we have to do is find the shorter term triggers and setups.

So there you have it – a totally unique system of forecasting, based on vibration. This was one of the methods that I was paranoid about revealing, but I feel it has applications beyond just market forecasting that make it worth sharing. The method may seem complicated at first, but once you learn it and work through some examples, it will become very routine. Once you've proven to yourself that this works, it will become an important part of your analysis toolkit, and can alert you to potential turning points weeks and months ahead of time.

15. Conclusion

The markets can the thought of as a measure of mass psychology, and anything that can be used to forecast the aggregate should also be able to be used to forecast the individual. Hopefully, readers of this work will take these techniques and work on applying them to non-market data sets, such as life events, earthquake prediction, or weather forecasting.

I've looked into many of these fields, and have seen enough to know what could be possible with enough research. It sounds fanciful to use something like astronumerology to forecast earthquakes or personal accidents, but not more so than using it to forecast tops and bottoms in the stock market, and we've already shown how that is possible.

Readers of my previous books will recall a chart demonstrating how I was able to forecast tops and bottoms in temperature fluctuations in Denver using a technical tool developed for trading futures markets. What we are working with here is natural law, and natural law pervades everything.

The connection between price, time, geometry, and planetary position has been demonstrated over and over in the pages of this manual, and the real link between all of these things is us as traders. The market doesn't move by itself – it lives off the interactions of thousands and thousands of traders each day. The energy behind price and time is the energy of the consciousness of the traders involved in that particular market. The vibrations that we can track through numbers and cycles aren't vibrations in a chart drawn on a piece of paper, but are

vibrations resonating in the emotions and thoughts of individual traders. So when Mars moves to trigger a Jupiter-Saturn link on a particular market, what really happens is it is moving to trigger all the traders watching that market. That means if you are watching that market, it is moving to trigger ***you***.

Physicists have done experiments to determine whether an electron is a particle or a wave, and they discovered a very interesting thing. The electron can be either one, and the key factor that pushed it one direction or the other was the observer watching the experiment. The observer could obtain either result depending on what he or she was looking for, and turned out to be an influence in the experiment rather than being disconnected as originally assumed. Markets are a lot like that. We think of ourselves as being outside the market, looking in, but we are never outside the market. As long as we are trading and making decisions, we are part of the market, and are subject to all the same influences that the market is subject to.

This is what makes studying markets so interesting. When you find tools that work on the markets over and over with a high degree of accuracy and consistency, you suddenly discover that you can also use them in the real world in non-market situations. The same techniques that can be used to forecast market crashes can also be used to forecast world events, which is always a little spooky. The September 11th tragedy in New York was a prime example of this, and was connected with a destructive Saturn cycle linked to the birth of America.

The important thing is to learn as much as you can about these cycles and influences, and to be able to act on them

consciously. This oftentimes means going against your gut feeling, as you must do the opposite of the crowd which can be a tough thing. The crowd is being pushed by the cycles like lemmings over a cliff, and it will always be this way. Separating yourself from the urges of the masses is just part of the game of trading, and one of the things every trader needs to do in order to be able to take money out of the market consistently.

Hopefully you'll take these techniques, test them out, and prove to yourself that they work. That's the only way to really use them. You must internalize them and make them your own. When you've done that, then you'll be ready to start applying them in real trading.

If you discover any new twists or applications to these tools not mentioned in this work, I'd love to hear about it. Please feel free to send over any questions or comments you have about this material to me. Technical analysts are already a minority in the trading world, which makes us a minority within a minority, so it's great to stay in touch with traders working with tools like these.

I hope you enjoyed reading about these tools as much as I enjoyed researching them. Happy Trading!